

Elementary & Secondary Education Act (ESEA) Finance Monitoring Guide

Fiscal Year 2022-2023



Division of Financial and Administrative Services

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INTRODUCTION

The Elementary and Secondary Education Act (ESEA) Finance Monitoring Guide has been developed in order to provide fiscal accountability standards for expenditures related to the ESEA programs. Local Education Agencies (LEAs) should utilize the guide to determine compliance with fiscal requirements as well as a technical assistance tool to prepare for fiscal monitoring. This guidance document references Public Law 114-95 as Every Student Succeeds Act (ESSA) originally authorized under the ESEA of 1965 (Public Law 89-10), Code of Federal Regulations, Uniform Grant Guidance (UGG), and the Education Department General Administrative Regulations (EDGAR).

General Provisions apply to the following ESEA programs:

- Title I.A Improving Basic Programs Operated by Local Educational Agencies
- Title I.C Education of Migratory Children
- Title I.D Prevention and Intervention Programs for Children and Youth Who Are Neglected, Delinquent or At-Risk
- Title II.A Supporting Effective Instruction
- Title III Language Instruction for English Learners and Immigrant Students
- Title IV.A Student Support and Academic Enrichment Grants
- Title V.B, Rural Education Initiative
- Title I School Improvement 1003 (a)
- Homeless Children and Youth

This guide identifies each fiscal area that will be reviewed, the related requirements, questions pertinent to the review, supporting documentation needed to determine compliance, and the required action for any identified non-compliance.

The guide contains the following topics:

1. Risk Assessment and Monitoring Process
2. Funding Sources
3. Coding Expenditures
4. Cash Management
5. Obligation of Funds/Period of Availability
6. Allowable Use of Funds
7. Internal Controls
8. Source Documentation
9. Procurement
10. Time and Effort
11. Equipment
12. Capital Outlay

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TIERED MONITORING CYCLE

ESEA Finance will utilize the tiered monitoring process to review LEAs for fiscal compliance of all ESEA federal funds. Under the tiered monitoring process, LEAs are sorted into three cohorts. LEA cohort assignment may be found on-line at [ESEA Tiered Monitoring](#).

The schedule below specifies the monitoring schedule for each Cohort by school year. As each year is completed, the Cohort moves to the next tier in the cycle.

TIERED MONITORING SCHEDULE

Task	2022-2023	2023-2024	2024-2025	2025-2026
Annual Risk Assessment	All Cohorts	All Cohorts	All Cohorts	All Cohorts
Desk Review	All Cohorts	All Cohorts	All Cohorts	All Cohorts
Desk Monitoring/Self-Assessment	Cohort 3	Cohort 1	Cohort 2	Cohort 3
On-Site/Telephone Monitoring	All Cohorts	All Cohorts	All Cohorts	All Cohorts
Clean-up	Cohort 1	Cohort 2	Cohort 3	Cohort 1

Each monitoring cycle/tier level in the Tiered Monitoring process is described in further detail in the following section.

RISK ASSESSMENT AND MONITORING PROCESS

An annual risk assessment is performed that assigns each LEA into a high, medium, or low risk category. Based on the results of the risk assessment, LEAs are subject to further monitoring within the Tiered Monitoring System. The Department of Elementary and Secondary Education (DESE) utilizes the tiered monitoring process to review LEAs for fiscal compliance of ESEA funds and federal requirements. Risk assessments are completed in October based on data from the previous fiscal year or the year under review. High and medium risk LEAs are notified in October of their risk status and monitoring level. Self-Assessment/Desk Monitoring opens in November and is due December 31. On-Site/Virtual Monitoring's are conducted each fiscal year.

ANNUAL RISK ASSESSMENT

DESE utilizes the following indicators in assessing LEA risk levels; each risk indicator is valued at five (5) points. There are a total of 60 points for ESEA Programs.

Risk Indicator	Definition
Audit Findings	An audit finding of the LEA financial records to the applicable Federal program from the fiscal year under review or from the most recent audit.
New Personnel	A change in the Federal grant contract personnel (Core Data August Cycle, Screen 3) from the year prior to the fiscal year under review to the fiscal year under review.
Fiscal Monitoring Findings	Fiscal monitoring findings that resulted in a Corrective Action Plan (CAP) from a self-assessment, phone review, or on-site review from the most recent review.
Late Budget	Budget Application from the most recent fiscal year submitted any date after July 1 st .
Late FER	FER from the fiscal year under review or prior year submitted any date after September 30 th
Allocation Amount	Allocation amount is in the top 10% of the Federal grant award for Title I.A, Title II.A and Title IV.A (5 points for each).
Overpayments	LEA received an overpayment of any amount in the fiscal year under review or most recent fiscal year for which information is available
Lapsed/Forfeited Funds	Lapsed or forfeited funds of any amount in the fiscal year under review
Financial Concerns	Identified financial concerns in the fiscal year under review, including but not limited to financial distress, impending school closure, indications of fraud/abuse, Cash Management Plan assignment and/or award restrictions.
Timely Correction of Findings	LEA has not corrected all fiscal monitoring findings within given timeframe

Based upon the results of the annual risk assessment, all LEAs are categorized as high, medium, or low risk and are subject to further monitoring as indicated below. The results of the annual risk assessment are available upon written request.

LEAs identified as high risk are subject to one or more of the following:

- On-Site/Virtual Monitoring
- Desk Monitoring
- Phone Monitoring
- Submission of Additional Documentation
- Required Attendance at Trainings/Technical Assistance

LEAs identified as moderate risk may be subject to one or more of the following:

- Desk Monitoring
- Phone Monitoring
- Submission of Additional Documentation
- Required Attendance at Trainings/Technical Assistance

LEAs identified as low risk may be subject to one or more of the following:

- Desk Monitoring
- Phone Monitoring
- Submission of Additional Documentation
- Required Attendance at Trainings/Technical Assistance

DESK AUDIT AND APPLICATION REVIEW PROCESS

The desk audit and application review process consist of the review and approval of payment requests, final expenditure reports (FERs) and any other supporting documentation/data. It also includes technical assistance provided over the phone, in manuals, by email, and through trainings.

SELF-ASSESSMENT/DESK MONITORING

The self-assessment/desk monitoring process consists of the completion and submission of a self-assessment by the LEA. The responses are reviewed by ESEA Finance and if any concerns arise during the review, LEAs may be required to submit documentation (general ledgers, invoices, policies, procedures, inventories, etc.) for further review. Corrective actions are required if there are areas of concern or compliance findings identified. The desk monitoring process is completed through the Tiered Monitoring System.

LEAs must obtain access to the system through the DESE Web Applications USER Manager portal. On the Self-Assessment, LEAs are asked to answer a series of questions with a Yes, No, or N/A response and provide comments where required. LEAs have until December 31 to complete and submit the Self-Assessment. The Financial and Administrative Services staff performs the Desk Monitoring portion in which the responses to the Self-Assessment are reviewed for accuracy and compliance. If there are any questionable, incomplete, incorrect, or noncompliant responses, the LEA is asked to provide upload specific expenditure documentation into the Tiered Monitoring System for further review. The type of supporting documentation requested is based on the area of concern. See Appendix C for specific expenditure documentation related to each monitoring question.

After the review, a report is generated in the Tiered Monitoring System. The report indicates if the LEA is in compliance or lists any deficiencies through a Corrective Action Plan (CAP). The LEA must enter a response to any issued CAP(s) within 30 days by indicating how the LEA will correct deficiencies and/or implement procedural changes in the "LEA Response" field, provide additional information if requested, and/or upload any required supporting documentation.

In the event there are any unresolved CAP(s), further actions may be taken, including:

- Specific award conditions/restrictions
- Cash Management Plan assignment
- Withholding of ESEA federal payments

ON-SITE/VIRTUAL MONITORING

The LEAs determined to be highest risk will be selected for an ESEA On-Site/Virtual Monitoring. LEAs will be notified via e-mail from ESEA Finance 30 days prior scheduling the on-site/virtual monitoring. LEAs will also need to complete a self-assessment.

In order to expedite the on-site review process, LEAs are required to upload the following documentation into the Global Repository within the Tiered Monitoring System prior to the on-site review. Instructions for up-loading documentation can be found in Appendix A at the end of the guidance document.

- Prior Fiscal Year General Ledger (2021-2022) for all ESEA program expenditures
- Prior Fiscal Year General Ledger Detail (2021-2022) for the expenditures described above
- 2021-2022 Payroll Report for all staff paid with ESEA federal funds
- 2021-2022 List of staff paid with ESEA federal funds (Staff Assignment Report)
- 2021-2022 Time and Effort Documentation

Additional documentation, including invoices, purchase orders, credit card statements, contracts, inventory records, teacher contracts, etc. is also reviewed during the on-site visit.

In the event that the on-site review is unable to be completed due to a pandemic, weather, or other unforeseen circumstance, DESE will complete the review virtually. In this instance, the LEA is required to upload the additional supporting documentation typically reviewed on-site. The LEA must have Web-Ex capability.

A report is then generated within the Tiered Monitoring System within 10 days of the on-site visit. The report indicates if the LEA is in compliance or identifies any deficiencies through a CAP. The LEA must correct deficiencies within 30 days, implement procedural changes if applicable, and evaluate those changes the following fiscal year.

POLICIES AND PROCEDURES – FINANCIAL MANAGEMENT/CODING EXPENDITURES/SEPARATE TRACKING

Monitoring Question(s): 1a

In accordance with the Uniform Grant Guidance (UGG) requirements, the LEA must be able to identify all federal grant awards within the accounting system. Since not all accounting systems are built to accommodate the required identification components, DESE has created a form which LEAs may utilize to meet the UGG requirements.

The UGG requires the following components to be identified in the accounting system for all federal grant awards.

- Federal Award Identification Number (FAIN)
- CFDA Title and Number
- Fiscal Year of Award
- Name of the Federal Awarding Agency
- Name of the Pass-Through Entity
- Accounting Code Used to Identify Grant Expenditures

The LEA must identify all of the above components within the accounting system or on the FAIN spreadsheet for all federal grants received by the LEA; this includes any federal grants (i.e. REAP, etc.) received from an entity other than DESE.

The [Federal Award Identification spreadsheet](#) created by DESE is included in Appendix B.

POLICIES AND PROCEDURES – TRAVEL POLICY

Monitoring Question(s): 1b

The district/LEA must have a written Travel Policy if utilizing federal funds to pay for travel that supports the allowed activities within the grant. The policy must be approved by the School Board and should address the following:

- The process utilized to reimburse employees (district/LEA credit card, expense accounts, etc.) and the reimbursement timeframe (with payroll, weekly, monthly, etc.).
- The process utilized to determine travel status (i.e. distance, length of day, etc.) and the threshold used (i.e. 50 miles away, traveling more than 9 hours per day, etc.).
- The process utilized to reimburse expenses (i.e. actual amounts or per diem amounts).
- The costs are reasonable and consistent with non-Federal entity's established travel policy.
- All travel expenditures must have a justification statement maintained as part of the source documentation as to why the travel was pertinent to grant activities. Examples of travel justifications may include:
 - To attend meeting related to an ESEA programs.
 - To perform training or technical assistance related to the ESEA federal grant activities.
 - To perform a required contract related activity funded under the ESEA federal grant.

- To perform monitoring activities as required by the ESEA and UGG federal regulations.
- To attend professional development activities related to the programs funded by the ESEA federal grant.
- To attend office/section/staff meetings to share information/updates/activities related to the ESEA federal grant work.

POLICIES AND PROCEDURES – ALLOWABILITY PROCEDURE

Monitoring Question(s): 1c

The LEA must have a written Allowability Procedure for the use of federal funds. The procedure should be a training tool and guide for all employees.

The Allowability Procedure should address the following:

- The process used to ensure expenditures are necessary, reasonable, permissible, allocable, and documented from the beginning of the grant cycle in the development and budget stage to the end of the grant cycle in reporting final expenditures.
- The process utilized to determine direct and indirect costs.
- The process utilized to ensure all expenditures paid with all federal revenue are treated consistently across all programs.
- The process utilized to ensure policies/procedures apply uniformly to both federal funded and non-federally funded expenditures.
- The process utilized to indicate which employee positions are reasonable for preparing and approving the budget, approving and expending funds, and reporting final expenditures.
- The process utilized should not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period;
- The process utilized should be in accordance with generally accepted accounting principles (GAAP).

POLICIES AND PROCEDURES – CASH MANAGEMENT

Monitoring Question(s): 1d

Cash management is the process of requesting, receiving, tracking and disbursing federal funds. Federal funds must be requested on a reimbursement basis, connected to specific expenditures when received, tracked separately in the general ledger, and disbursed within explicit time frames. Cash management applies to all federal funds. This guide focuses on cash management for ESEA federal funds and is governed by the Cash Management Improvement Act (CMIA) and the UGG.

CASH MANAGEMENT PROCEDURE

The LEA must have a written Cash Management Procedure. The procedure should address the following:

- The process utilized for determining payment requests amounts – which general ledger queries and/or payroll reports will be run to determine payment amount.
- The process utilized for requesting payments – who will make payment requests, who will ensure payment requests are on a reimbursement basis, and how often.
- The process utilized for tracking the receipt of federal funds – who will verify receipt of federal funds and ensure accuracy.

- The process utilized for ensuring the federal funds are tied to expenditures in the general ledger – who will complete any necessary coding/journal entry corrections, who will ensure correct project/source codes are utilized.
- The process utilized to ensure overall compliance with the cash management requirements as described within this section of the Monitoring Guide – how are audits completed, who does the second approval, etc.

REQUESTING FEDERAL FUNDS

In accordance with cash management requirements, all payment requests must be created on a reimbursement basis. This means districts/LEAs must have already expended funds prior to requesting or receiving federal revenue. In order to show federal funds have been requested on a reimbursement basis, the LEA must track the funding source for each expenditure in the general ledger by using the applicable project and source code.

PAYMENT REQUEST AMOUNTS

To determine the amount of the ESEA federal funds to request, the LEA should perform an account query within the accounting system for expenditures coded with a 4 source code and applicable project code. The LEA will then utilize the reports to complete the ESEA Payment Request grid. Actual cumulative year-to-date expenditures should be entered on the Payment Request grid. The payment amount will then be calculated for the LEA.

OVERPAYMENTS

Overpayments occur when the payment amount exceeds the expenditures coded in the general ledger as being paid with federal funds at the time of the payment request. This is frequently an issue when payment requests are based on budgeted amounts and/or the LEA is completing multiple journal entry corrections.

Violating CMIA requires a return of federal revenue with interest if expenditures can't be recoded to expend the overpayment.

When possible, the LEA should consider recoding expenditures to expend overpayment amounts. LEAs may recode expenditures originally paid with state/local funds over to federal funds (in the amount of the overpayment) in order to expend the overpayment amount

LEAs that can't recode expenditures on federal funds must calculate interest.

Interest is calculated using the following formula:

Amount of Overpayment	x	Daily Federal Interest Rate	x	Number of Business Days Overpayment Was Held	=	Interest Due
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Interest must be calculated even if it was not actually accrued because the potential was there to earn interest. Federal interest rates are located [here](#).

Up to \$500 of the interest amount owed per year on all combined Federal programs may be retained to cover administrative expenses associated with the overpayment (bookkeeping, cutting check, etc.). The LEA must be able to document these administrative expenses. Funds used to pay the interest must come from the LEA's state, local, and/or county revenue sources.

OVERCODING FEDERAL FUNDS

Expenditures coded in the general ledger as being paid with federal revenue must equal the amount of federal funds received. For example, an LEA receives a \$50,000 ESEA federal payment. The general ledger should reflect only \$50,000 in expenditures as paid with these ESEA funds. If the LEA has more than \$50,000 reflected in the general ledger, the LEA has over-coded federal funds and is at-risk for violating CMIA by requesting more federal funds than what have been expended. Additionally, the LEA cannot verify exactly which expenditures were paid with the federal funds.

DISBURSING FEDERAL FUNDS

LEAs may not request and hold federal funds. On the date the federal funds are received, they must be coded in the general ledger as being expended (if not coded in advance) and disbursed. If the LEA holds federal funds, the LEA must calculate interest on the federal funds and return the interest amount to the federal government.

POLICIES AND PROCEDURES – PROCUREMENT

Monitoring Question(s): 1e

Procurement is the purchase of goods or services, which includes the purchase of supplies, equipment, and contracted services. A procurement system, or purchasing process/procedure, ensures that the LEA obtains goods and services that are appropriate and necessary, and acquired at the best possible cost. A LEA Procurement Procedure must be in a written format and meet the specific requirements listed below when purchasing goods and services with ESEA funds.

PROCUREMENT PROCEDURE

The LEA must have a written Procurement Procedure. The Procurement Procedure must address the following:

- Standards of Conduct/Conflict of Interest/Gratuity Violations
- Competitive Environment
- Procurement Methods
- Resolution Clause
- Contract Administration
- Contract Provisions
- Debarment/Suspension
- Procurement Records

When utilizing federal funds for purchases of goods or services, the LEA must follow the LEA's written Procurement Procedure and maintain documentation to indicate the procedure was followed. If documentation is not maintained, allowable use of funds cannot be determined.

STANDARDS OF CONDUCT/CONFLICT OF INTEREST

The LEA must have a written Standards of Conduct Policy that governs the actions of its employees engaged in the selection, award, approval and administration of contracts.

No employee, administrator, or board member may participate in the selection, award, approval or administration of a contracted supported by federal funds if there is a real or apparent conflict of interest. Such instances arise when the employee, administrator, or board member, a family member, a partner, or an organization that employs or is about to employ any of the parties indicated herein, has a financial, personal benefit, or other interest in the vendor being considered for the contract.

The board members, administrators, and employees of the LEA must not solicit or accept gratuities, favors, or anything of monetary value from contractors/vendors. However, LEAs may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value (candy, cards, flowers, balloons, etc.).

The written standards of conduct must provide for penalties, sanctions, or other disciplinary actions, to the extent permitted under state and local law. Violations must be reported to the federal awarding agency.

COMPETITIVE ENVIRONMENT

The procurement process must maximize competition to demonstrate good value was obtained by the federal program under which the goods or services were provided. Below are examples of situations that could be considered restrictive of competition.

1. Placing unreasonable requirements on firms in order for them to qualify to do business.
2. Requiring unnecessary experience and excessive bonding.
3. Noncompetitive pricing practices between firms or between affiliated companies.
4. Noncompetitive contracts to consultants that are on retainer contracts.
5. Organizational conflicts of interest.
6. Specifying only a "brand name" product instead of allowing "an equal" product to be offered.
7. Any arbitrary action in the procurement process.

LEAs must define processes to promote fair and open competition while minimizing exposure to fraud and abuse.

PROCUREMENT METHODS

The Procurement Procedure must address each of the five methods of procurement:

1. Micro-purchases
2. Small purchase procedures
3. Sealed bids (formal advertising)
4. Competitive proposals
5. Noncompetitive proposals

In accordance with UGG, LEAs must follow one of the five methods for purchases of goods and services. Regardless of the method of procurement selected, the quote/bid specifications should be in writing and should be consistent for all proposed contractors/vendors.

MICRO PURCHASES

Procurement by micro-purchase is the acquisition of supplies or services which are up to \$10,000. This purchase may be awarded without soliciting competitive quotations. LEAs shall identify in the written Procurement Procedure, a micro purchase threshold for the acquisition of goods and services that are less than \$10,000. No bids or quotations are required, but micro-purchases must be distributed equitable among qualified vendors (i.e. cannot order supplies from Staples only, unless Staples was selected through the bid process).

The LEA could utilize a lower threshold for micro purchases, but the LEA threshold cannot be more than the federal threshold.

SMALL PURCHASES

Small purchase procedures are those simple and informal procurements for securing services, supplies or other property that cost between \$10,001 and \$249,999. Price and rate quotations must be obtained from at least two qualified sources.

LEAs shall identify in the written Procurement Procedure, a small purchase threshold for the acquisition of goods and services from \$10,001 up to \$249,999 and identify the number of required quotes/bids (i.e. 3 bids) for each purchase. Although the UGG indicates purchases between \$10,001 and \$249,999 is a small purchase, DESE recommends setting a

much lower threshold. The LEA must maintain documentation of the quotes/bids even though the item is considered a small purchase.

SEALED BIDS

Bids are publicly solicited and a firm fixed price contract is awarded. The sealed bid method is preferred for procuring construction. LEAs shall identify in the written Procurement Procedure when bids will be publicly solicited through formal advertising. Publicly solicited bids are appropriate when:

- The purchase is greater than \$250,000;
- A complete, adequate, and realistic specification or purchase description is available;
- Two or more responsible bidders are willing and able to compete effectively for the project;
- The procurement lends itself to a firm-fixed price contract (where the amount of the payment is capped and does not depend on the amount of resources or time expended); and
- The selection of the successful bidder can be made based on lowest cost.

COMPETITIVE PROPOSALS

The technique of competitive proposals is normally conducted with more than one source submitting an offer and either a fixed price or cost-reimbursement type of contract is awarded. LEAs shall identify in the written Procurement Procedure when competitive proposals will be utilized. This method is used when:

- The purchase is greater than \$250,000;
- More than one contractor/vendor is submitting an offer;
- Either a firm-fixed price (where the amount of payment is capped and does not depend on the amount of resources or time expended) or cost-reimbursement type contract (where the amount of payment is for all allowed expenses to a set limit plus additional funds to allow for profit) will be awarded;
- Conditions are not appropriate for the use of sealed bids; and
- There are multiple evaluation factors other than just cost.

NONCOMPETITIVE/SOLE SOURCE

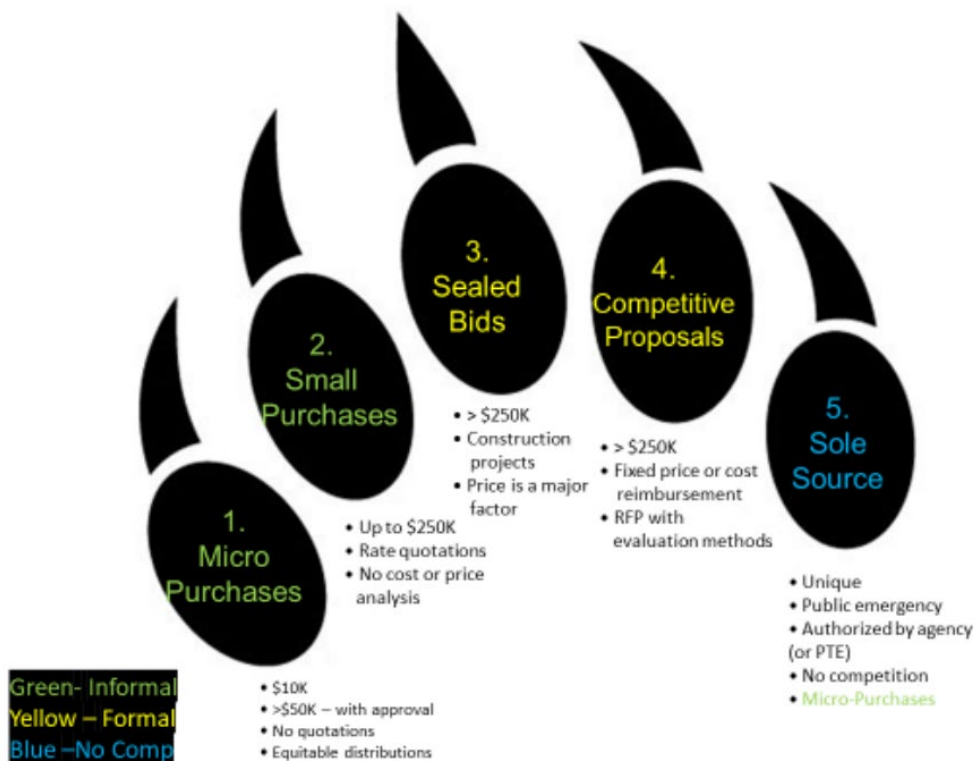
This is the solicitation of a proposal from only one source and may be used only when one or more of the following applies: The item is available only from a single source; the public emergency for the requirement will not permit a delay; the pass-through entity authorizes noncompetitive proposals in response to a written request; and/or after solicitation of a number of sources, competition is determined inadequate.

Noncompetitive proposals are occasionally permissible but only in limited circumstances. This occurs when the item is only available from a single vendor, there is an emergency, or competition is determined to be inadequate (after soliciting a number of sources). Sole source purchases should be well documented as to why the LEA was unable to obtain competitive proposals.

PROCUREMENT CLAW

The "Procurement Claw" illustration can assist with identifying the different procurement methods.

Procurement “Claw” (Section 200.320)



June 2018 Update from Federal Government

1. Micro-Purchase Threshold raised up to \$10,000 (200.67)
2. Small Purchases (Simple Acquisitions) Threshold raised to \$10,001 to \$249,999 (200.88)
3. Construction Projects raised to equal or greater than \$250,000
4. Competitive Proposals raised to equal or greater than \$250,000

Reference: 2 CFR Part 200.320

RESOLUTION CLAUSE

The LEA is responsible for resolution and settlement of all contractual and administrative issues arising out of federally related procurements including, but not limited to, source evaluation, protests, disputes, claims or other matters of a contractual nature. The LEA will maintain procedures to handle and resolve procurement disputes, including provisions to share information regarding the protest.

CONTRACT ADMINISTRATION

The LEA must maintain a system for contract administration to ensure that contractors/vendors perform in accordance with the terms, conditions and specifications of the contract, and to ensure adequate and timely follow up for all purchases. LEAs should evaluate contractor/vendor performance and document, as appropriate; whether contractors/vendors have met the terms, conditions and specifications of the contract.

CONTRACT PROVISIONS

All LEA contracts must contain the provisions listed below:

- Administrative, contractual, or legal remedies instances where contractors violate or breach the contract terms, and include sanctions and penalties as may be appropriate for such violations and breaches.
- Termination for cause and for convenience by the LEA and contractor, including the manner by which it will be terminated, and the basis for settlement.
- Compliance with Executive Order 11246 entitled “Equal Employment Opportunity” (All construction contracts awarded in excess of \$10,000 must comply).
- Compliance with the Copeland “Anti-Kickback” Act (18 U.S.C 874) as supplemented in Department of Labor regulations (29 CFR part 3) (All contracts for construction or repair).
- Compliance with the Davis-Bacon Act (40 U.S.C. 276a to 276a-7) as supplemented by Department of Labor regulations (29 CFR part 5) (Construction contracts in excess of \$2,000).
- Compliance with Byrd Anti-Lobbying Amendment (31 U.S.C. 1352) (for contracts/vendors with awards of (\$100,000 or more).
- Debarment and Suspension (E.O.s 12549 and 12689) – No contract shall be made to parties listed on the General Services Administration’s List of Parties Excluded from Federal Procurement or Non-Procurement Programs in accordance with E.O.s 12549 and 12689, “Debarment and Suspension.” This list contains the names of parties debarred, suspended, or otherwise excluded by agencies, and contractors declared ineligible under statutory or regulatory authority other than E.O. 12549.

DEBARMENT/SUSPENSION

While the UGG only requires LEAs to check debarment/suspension on expenditures of \$25,000 or more, DESE recommends the LEA ensure all contracts/vendors are in good standing with the federal government, state government, and licensing boards regardless of the expenditure amount. This requirement does not apply to LEA employees, registrations, or materials and supplies. LEAs may go to the Office of Inspector General’s [website](#) to verify the status of contractors/vendors with the federal government. To search a contractor/vendor, follow the steps listed below:

- Click on Exclusions
- Click on “Online Searchable Database”
- Select Search Method (Search for an Individual, Multiple Individuals, Single Entity, or Multiple Entities)
- Enter Search Criteria (Last Name, First Name, or Entity Name)
- Click on “Search”
- Print Results and Retain for Records

If the results indicate “No Records Found”, then the contractor/vendor is in good standing with the federal government. The LEA should print a copy of the search results for procurement record documentation purposes.

If there are results listed, click on the vendor name and verify social security/tax id number to ensure vendor status. The LEA may not pay federal funds to any vendor on the list. If the LEA chooses to do business with a contractor/vendor who is on the debarred/suspended list, the LEA must use state, local, and/or county funds.

In addition, the LEA should check the [Secretary of State](#) to ensure the contractor/vendor is in good standing with the State of Missouri.

PROCUREMENT RECORDS

Records detailing the procurement of goods and services, including the contracting process and supporting documentation/history must be maintained. This includes the bid/quote requirements, the documented rationale for the method of procurement chosen, the contractor/vendor selection or rejection; the materials regarding the cost and price analysis; and contractor/vendor search results.

INTERNAL CONTROLS

Monitoring Question(s): 2a and 2b

Internal controls safeguard the LEA and protect against fraud and abuse. Internal controls are procedures to ensure effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations. Internal controls apply to all aspects of the LEA's operations, including programmatic, financial, compliance, etc.

INTERNAL CONTROL ELEMENTS

Written policies and procedures explaining Internal Controls at a minimum should include the following elements:

- Segregation of Duties/Separate Approval
- Approval of Expenditures
- Journal Entry Correction Approval
- Supervision/Monitoring of Operations
- Retention of Records
- Physical Safeguards
- IT Security
- System Controls
- System Reports

SEGREGATION OF DUTIES/SECOND APPROVAL

The duties associated with the approval, processing (receipt/payment), and record keeping should be separated. In the event that the LEA does not have adequate staff to segregate these duties, the LEA must implement a second approval process. The second approval process entails the review and approval by at least two different people. This could include the review and approval by the superintendent and/or the school board.

APPROVAL OF EXPENDITURES

The individual familiar with ESEA requirements, such as the federal programs coordinator, should review all expenditures applicable to the program. The review should include the review of all supporting documentation (e.g. purchase orders, invoices, etc.) for the expenditure, for approval prior to issuing payments. Multiple signatures should be required on all payment documentation (checks, purchase orders, invoices, etc.) and track through a pre-numbered monitoring system. Expenditures should be posted daily and reconciled on a monthly basis.

JOURNAL ENTRY CORRECTION APPROVAL

All journal entry corrections should require a documented second approval before posting to the general ledger. If the LEA is unable to have a second approval within the accounting system, a printed copy of approval journal entry correction should be maintained. The superintendent and/or the school board could perform the second review and approval.

SUPERVISION/MONITORING OF OPERATIONS

There should be monitoring of ongoing operational activities to maintain efficiency, effectiveness, and proper use of funds. Staff responsible for monitoring operational activities should continually receive training on program changes or updates. The LEA should evaluate the process to ensure the efficiency, effectiveness, and proper use of funds.

RECORD RETENTION

Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report.

If any litigation, claim, or audit is started before the expiration of the three-year period, the records must be retained until all litigation, claims, or audit findings involving the records have been resolved and the final action taken.

Records for real property and equipment acquired with Federal funds must be retained for three years after final disposition.

Reference: 2 CFR Part 200.334

PHYSICAL SAFEGUARDS

Physical safeguards, including the use of cameras, locks, physical barriers, etc. should be in place to protect property, such as LEA inventory. Inventory items should include a checkout and tracking process.

INFORMATION TECHNOLOGY SECURITY

The use of passwords, access logs, etc. should be established to ensure access is restricted to authorized personnel.

SYSTEM CONTROLS

Accounting and payroll systems should include automatic edit checks of data entered, accounting for transactions in numerical order, comparing expenditure totals with budget amounts, and controlling access to data, files and programs.

SYSTEM REPORTS

Accounting and payroll systems should have the ability to query system data reports for accountability and financial management purposes. Account queries will allow accurate reporting of LEA expenditures when making payment requests and completing the FER.

EQUIPMENT/INVENTORY

Monitoring Question(s): 3a, 3b, 3c, 3d and 3e

LEAs may utilize ESEA federal funds to purchase equipment. Equipment records must be maintained for all equipment purchased using ESEA federal funds. The LEA must follow specific guidelines for the disposal of equipment.

EQUIPMENT DEFINITIONS

Equipment is defined as an article of non-expendable, tangible property having a useful life of more than one year and an acquisition cost of \$1,000 or more per unit. The federal limit is \$5,000; however, the state has established a limit of \$1,000 and the most restrictive amount between the two has to be used.

Acquisition cost is defined as the net invoice price of the equipment, including the cost of modifications, attachments, accessories, or auxiliary apparatus necessary to make the equipment usable for the purpose for which it was acquired. Other charges, such as the costs of installation, delivery, or taxes may be included in the unit acquisition cost.

Equipment also includes items with an acquisition cost under \$1,000 per unit which are considered attractive or easily pilfered. This would include items such as laptops, chrome books, iPads, audio-visual equipment, etc.

Computer software can be purchased, subscribed to, or internally generated. Computer software paid from the Capital Project Funds would be considered equipment if the following criteria are met:

- Software license that is bought that costs \$5,000 or more
- Internally created software that costs \$5,000 or more

PRIOR APPROVAL

Prior approval for equipment purchases is required before the obligation of funds can be made for the purchase. Approval can be obtained through the ePeGS Budget Application, "Capital Outlay" page under the Equipment section. Equipment purchases must be coded to object code range 6500 in the general ledger.

EQUIPMENT MANAGEMENT PROCEDURE

The inventory listing should be **one master list** for the entire LEA, not program or building specific. The inventory listing should be updated as equipment is purchased and received. Data should not be deleted for equipment that has been disposed of, but rather kept in archive. A sample inventory log form with all required components can be found [here](#).

All equipment should be tagged and tracked within the inventory listing. The tag should be a physical label that is not easily removable and include the inventory identification number and identified as the property of the ESEA program. A physical inventory of the equipment must be taken once every two years and the results reconciled with the inventory listing.

In addition, a control system must be in place to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft of equipment shall be investigated. Adequate maintenance procedures must be developed to keep the equipment in good condition.

EQUIPMENT DISPOSITION

When equipment purchased with ESEA federal funds is no longer needed for the ESEA program, disposition of the equipment will be made as follows:

- Items of equipment with a current per unit fair market value of less than \$5,000 may be retained, sold, or otherwise disposed of with no further obligation to DESE.
- Items of equipment with a current per unit fair market value in excess of \$5,000 may be retained or sold. However, if the fair market value is more than \$5,000 the LEA must pay DESE a share based on the percentage of costs paid with ESEA federal funds in the initial acquisition and the current fair market value. For example, if ESEA federal funds were used to pay fifty percent (50%) of an equipment purchase, once the item is sold fifty percent (50%) of the current fair market value/proceeds must be paid to DESE.

EQUIPMENT RECORDS

LEAs must meet the following equipment management requirements for all equipment purchased entirely, or in part, with ESEA federal funds. Equipment records, also known as an inventory listing must be maintained and should include the following components:

- A description of the equipment
- A serial number or other identification number
- The cost of the equipment
- Federal Award Identification Number (FAIN)
- The funding source of equipment
- The acquisition date
- The location of the equipment (building/classroom/individual)
- Use and condition of the equipment
- Any ultimate disposition data including the date of disposal and sale price

GENERAL LEDGER – ALLOWABLE USE OF FUNDS

Monitoring Question(s): 4a, 4b, 4c, and 4d

The LEA must track all ESEA program expenditures in the general ledger by utilizing fund, function, object, location/building, source, and project codes as indicated in the [Missouri Accounting Manual](#).

Expenditures must have supporting documentation, also called source documentation. The source documentation indicates the “who, what, when, where, why and how” for an expenditure. Source documentation consists of a purchase requisition, a purchase order, receiving documentation, an invoice, and payment documentation. The following sections describe the required source documentation that must be maintained for all expenditures. Without source documentation to support expenditures, LEAs cannot prove compliance with federal requirements.

The **PROJECT CODE** identifies the specific source of revenue or part of a specific grant used to pay an expenditure. The ESEA programs must be tracked with a project code to tie the expenditure to the appropriate funding. The following is a list of project codes the LEA must utilize when funds are used to pay the expenditure.

PROJECT DESCRIPTION	PROJECT CODE	REVENUE CODE
Title I	45100	5451
Title I School Improvement (a)	45102	5451
Title I.D – LEA	45103	5451
Title I.C Migrant	45200	5452
Title IV.A Student Support and Academic Enrichment	46100	5461
Title III EL	46200	5462
Title III Immigrant	46201	5462
Homeless Education	46300	5463
Title II.A	46500	5465
Title V.B, SRSA	49200	5492
Title V.B, Rural Low-Income School	49201	5492
Schoolwide Pool	40001	Varies
Early Learning Blended Pool	40002	Varies

PAYMENT REQUEST/FINAL EXPENDITURE REPORT

The general ledger should not exceed the ESEA payment amount(s) and should match the payment and FER for each program. A general ledger journal entry correction should be made if expenditures were over-coded and should be recoded to state/local funds.

The LEA must enter expended funds by the appropriate function and object codes of the ESEA Consolidated Payment Request or FER grid. Request for reimbursement may not exceed the LEA’s approved budgeted amount.

Allowability

To be allowable under a Federal award, costs must meet the following general criteria and must be in a written procedure:

- Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles;
- Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items;
- Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity;
- Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to a Federal award as an indirect cost;
- Be determined in accordance with generally accepted accounting principles (GAAP);

- Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period;
- Be adequately documented; and
- Cost must be incurred during the approved budget period. The Federal awarding agency is authorized, at its discretion, to waive prior written approvals to carry forward unobligated balances to subsequent budget periods pursuant to [§ 200.308\(e\)\(3\)](#).

Reference: 2 CFR Parts 200.403 and 200.406

Reasonable

A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. In determining reasonableness of a given cost, consideration must be given to:

- Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the non-Federal entity or the proper and efficient performance of the Federal award.
- The restraints or requirements imposed by such factors as: sound business practices; arm's-length bargaining; Federal, state, local, tribal, and other laws and regulations; and terms and conditions of the Federal award.
- Market prices for comparable goods or services for geographic area.
- Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the non-Federal entity, its employees, where applicable its students or membership, the public at large, and the Federal government.
- Whether the non-Federal entity significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the Federal award's cost.

Reference: 2 CFR Part 200.404

Allocable

A cost is allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to the Federal award or cost objective in accordance with relative benefits received. This standard is met if the cost:

- is incurred specifically for the Federal award;
- benefits both the Federal award and other work of the non-Federal entity and can be distributed in proportions that may be approximated using reasonable methods; and
- is necessary to the overall operation of the non-Federal entity and is assignable in part to the Federal award.

All activities which benefit from the non-Federal entity's indirect cost, including unallowable activities and donated services by the non-Federal entity or third parties, will receive an appropriate allocation of indirect costs.

Any cost allocable to a particular Federal award may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by Federal statutes, regulations, or terms and conditions of the Federal awards, or for other reasons. However, this prohibition would not preclude the non-Federal entity from shifting costs that are allowable under two or more Federal awards in accordance with existing Federal statutes, regulations, or the terms and conditions of the Federal awards.

Direct cost allocation principles state that if a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit. If a cost benefits two or more projects or activities in proportions that cannot be determined because of the interrelationship of

the work involved, then the costs may be allocated or transferred to benefitted projects on any reasonable documented basis.

If the contract is subject to CAS, costs must be allocated to the contract pursuant to the Cost Accounting Standards. To the extent that CAS is applicable, the allocation of costs in accordance with CAS takes precedence over the allocation provisions in this part.

Reference: 2 CFR Part 200.405

LEAs assume responsibility for ensuring that federal funds have been expended and accounted for consistent with program regulations and approved applications. Costs generally are categorized as either direct or indirect.

Direct costs may include salaries, fringe benefits, purchased services, supplies and equipment.

- Administrative or Clerical Staff
 - Direct charging of these costs may be appropriate only if all of the following conditions are met:
 - Such services are integral to a project or activity;
 - Individuals involved can be specifically identified with the project or activity;
 - Such costs are explicitly included in the budget or have the prior written approval of the Federal awarding agency; and
 - The costs are not also recovered as indirect cost.
 - Example: Job description could be used to meet these conditions along with time and effort documentation.

Reference: 2 CFR Part 200.413(c)

Indirect costs are those costs which are not readily identified with the activities funded by the Federal grant or contract but are nevertheless incurred for the joint benefit of those activities and other activities and programs of the subgrantee/recipient. Accounting, auditing, payroll, personnel, budgeting, purchasing, and operation/maintenance of plant are examples of services which typically benefit several activities and programs and for which appropriate costs may be attributed to the Federal program by means of an indirect cost allocation plan.

- The indirect cost rate used in calculating the indirect costs depends on whether the grant is a restricted or unrestricted grant.

Reference: Missouri School Finance Accounting Manual and 2 CFR Part 200.56

Reference: 2 CFR Part 200.414

FOOD

ESEA and UGG regulations do not specify breakfast and dinner provided at meetings as an allowable or unallowable expenditure. Therefore, the LEA should use extreme caution before utilizing federal funds for these expenses. However, lunch provided at meetings may be allowable if the LEA can justify the lunch as reasonable and necessary. The LEA should answer the following questions to determine if the lunch is reasonable and necessary:

1. Is there a genuine time constraint that requires a working lunch?
2. Is the portion of the agenda to be covered during the working lunch substantive and integral to the overall purpose of the meeting or conference?
3. Is the cost of the working lunch reasonable?

For the expenditure to be an allowable use of ESEA funds, the LEA must have documentation on file that addresses each of the above questions to show that the working lunch was necessary and reasonable.

GENERAL LEDGER - OBLIGATION OF FUNDS/PERIOD OF AVAILABILITY

Monitoring Question(s): 4e, 4f, 4g, and 4h

To obligate funds means to reserve, commit, or set-aside for a specific activity or purpose. The LEA may not begin to obligate ESEA funds until the ESEA Consolidated application is submitted in a substantially approvable format. The Budget Application is considered to be in a substantially approvable format once the Budget Application Grid, Capital Outlay, Supporting Data and Assurances are completed and submitted to DESE. The LEA may continue to obligate funds through June 30th of each fiscal year.

Each Federal grant has a period for which funds can be obligated and expended. Financial obligations means orders placed for property and services, contracts and subawards made, and similar transactions that require payment. When a grant is awarded, it is important to note what the approved project period is and the time frames for which obligations may be incurred and liquidated. Where a funding period is specified, a subrecipient/subgrantee may charge to the award only costs resulting from obligations incurred during the funding period. Also, if authorized by the applicable Federal program, unobligated balances may be carried over and charged for obligations of the subsequent funding period.

IF THE OBLIGATION IS FOR...	THEN THE OBLIGATION IS MADE...	Last Day To Obligate Funds
Acquisition of real or personal property	On the date on which the subgrantee makes a binding written commitment to acquire the property. <i>(Including materials/supplies and miscellaneous items such as meeting registrations.)</i>	June 30th
Personal services by an employee of the subgrantee	When the services are performed.	June 30th
Personal services by a contractor who is not an employee of the subgrantee	On the date on which the subgrantee makes a binding written commitment to obtain the services.	June 30th
Performance of work other than personal services	On the date on which the subgrantee makes a binding written commitment to obtain the work.	June 30th
Public utility services	When the subgrantee receives the services.	June 30th
Travel	When the travel is taken.	June 30th
Rental of real or personal property.	When the subgrantee uses the property.	June 30th
A pre-agreement cost that was properly approved by the State under the cost principles	On the first day of the project period.	June 30th

Reference: 34 CFR Part 76.707

The **obligation period** is the period during the grant cycle in which funds may be obligated. Funds shall not be obligated until the budget application has been submitted or July 1, whichever is later.*

The **period of performance** means the total estimated time interval between the start of an initial Federal award and the planned end date, which may include one or more funded portions, or budget periods. This is the amount of time the LEA has to obligate and expend grant funds. LEAs may not pay expenditures outside of the period of performance.

The **grant cycle** runs with the state fiscal year from July 1 (or substantially approved date) to June 30. Obligations made with ESEA funds may only occur within this grant cycle time frame. LEAs may not use current year funds on a prior year obligation if grant cycles are crossed. Obligations cannot occur after June 30th as that is the start of a new fiscal year and new grant cycle.

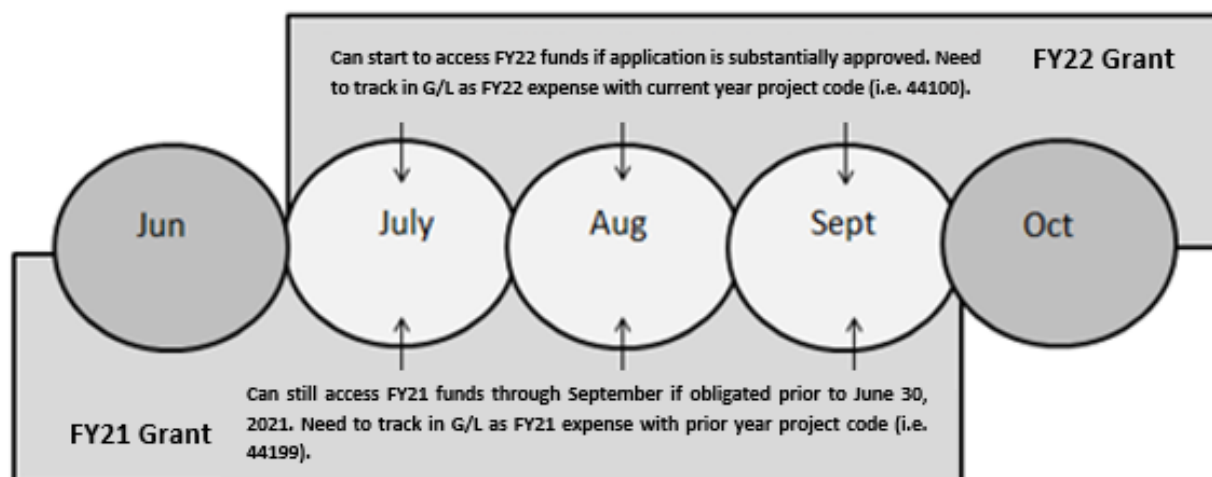
The **FER reporting period** is the period during which obligations made during the obligation period are expended and reported. The FER due date has been extended to September 30 to allow districts/LEAs additional time to close their books and report expenditures from obligations made during the obligation period of the grant cycle.

Grant Cycle	Grant Cycle Dates	First Day to Obligate	Last Day to Obligate
FY22 Grant Funds (School Year 21-22)	July 1, 2021 – June 30, 2022	July 1, 2021 Or budget substantially approved date (whichever is later)	June 30, 2022
FY 23 Grant Funds (School Year 22-23)	July 1, 2022 – June 30, 2023	July 1, 2022 Or budget substantially approved date (whichever is later)	June 30, 2023

OVERLAPPING GRANT CYCLES

When the LEA utilizes the flexibility offered in the FER reporting cycle to access funds after the grant cycle, the LEA must account for the prior year grant funds (FY21) and current year grant funds (FY22) separately in the general ledger during the three month extension when there is an overlap of funding. This is not carrying over prior year funds into a new year, but rather accessing funds from the prior grant and the current grant at the same time as show in the following illustration. How to code and track funds from overlapping grant cycles is explained below.

OVERLAPPING GRANT CYCLES



Expenditures paid during the three month FER extension period will be coded in the same fiscal year general ledger as the new grant cycle expenditures, therefore, the LEA must track the expenditures being paid with prior year grant funds (FY21) separately from the expenditures being paid with current year grant funds (FY22).

The FER Reporting period runs from July 1st to September 30th each fiscal year to offer flexibility and additional time in accessing grant funds from the grant cycle. This allows LEAs an extra three months after the grant cycle ends to access funds as long as the obligation occurred during the grant cycle (prior to June 30th). LEAs may continue to request grant funds from the previous grant cycle until September 30th.

PURCHASE ORDERS

The requisition originates the request for a purchase. This should indicate what the purchase is, who it is for, and why it is needed. The requisition needs to be in a written format (i.e. email, standard form, handwritten request) with an indication of approval and must be maintained as a part of the source documentation.

The purchase order obligates funds for a purchase. It indicates what the purchase consists of, how the purchase is obtained, and where the purchase will be obtained. The purchase order must be specific enough to list the detailed items being purchased, quantity, vendor, purchase price, funding source being obligated with accounting codes, and approval signature and date. The purchase order needs to be in written format and contain a unique identifying number for tracking purposes. The individual approving the purchase order should be different from the individual who created the original requisition, or at least have a second signature for approval if these duties cannot be segregated. The purchase order must be maintained as part of the source documentation.

The receiving documentation indicates when the product was received or when the service was provided. Receiving documentation can be a packing slip, timesheet, etc. A signature with date should be recorded on the receiving documentation indicating verification of the receipt of products/services. The receiving documentation must be maintained as a part of the source documentation.

The invoice is the request for payment and verifies the “who, what, when, where, why and how.” The funding source and the accounting codes must be listed on the invoice and match the purchase order. The invoice must have an approval signature with date. The invoice must be maintained as a part of the source documentation.

The payment documentation is the documentation of the issued check or the electronic payment transmittal. The payment documentation should be verified for accuracy against the invoice before mailing. The expenditure must be logged in the general ledger at the time the payment is issued and should correlate with the funding sources and accounting codes indicated on the purchase order and invoice. The payment documentation must be maintained as a part of the source documentation.

EMPLOYEE OBLIGATIONS

Funds are obligated for employees of the district is based on when the work is performed. For employees of the district, expenditures must be tied to the program year in which the work was performed. Any federally funded work done through June 30, 2022 belongs to the 2021-22 program year. Work performed after July 1, 2022 gets charged to the 2022-23 grant. The date of an employee contract does not define the program year. LEAs have from July 1 through June 30th to obligate federal funds. Funds can be paid out for obligated costs until Sept 30th. Therefore, if the employee works 9 month and gets paid over 12 months, they can be paid each month, including the summer months (June, July, and August) for the work that was performed during July 1 through June 30th. Reimbursement should not be requested until the checks/EFT has been handed out and/or transferred.

SUPPLEMENT NOT SUPPLANT REQUIREMENT

Monitoring Question(s): 5a and 5b

Under the federal “supplement, not supplant” requirement, non-Federal entities may use federal funds only to supplement and, to the extent practical, increase the level of funds that would, in the absence of the federal funds, be made available from non-federal sources for the education of participating students. In no case may non-Federal entities use federal program funds to supplant (take the place of) funds from non-federal sources.

TITLE I

ESSA made a change to the way supplement not supplant is tested in Title I. In general terms, this means that Title I funds should add to (supplement) and not replace (supplant) State and local funds. Prior to ESSA, supplement not supplant was typically tested by analyzing an individual Title I cost’s compliance with three presumptions of supplanting; 1) an activity required by federal, state, or local law, 2) an activity that was paid for with State or local funds in the prior year, or 3) the same services for Title I students that State and local funds support for non-Title I students. **Under ESSA, compliance with SNS will no longer be tested through individual Title I costs, so the three presumptions no longer apply.**

Instead, LEAs must demonstrate that the methodology they use to allocate State and local funds to schools provides each Title I school with all of the State and local money it would receive if it did not participate in the Title I program.

NOTE: ESSA made a change to the way supplement not supplant is tested in Title I. This change does not affect how supplement not supplant is tested in other ESEA programs.

Additional information is available [here](#).

ESEA TITLE II.A, III, IV.A AND V.B PROGRAMS

LEAs that receive ESEA funds must comply with a supplement not supplant requirement. In general terms, this means that Title funds should add to (supplement) and not replace (supplant) State and local funds.

Supplanting is presumed when:

- An LEA uses Title funds to pay for an activity that is required by federal, state or local law, or
- An LEA uses Title funds to pay for an activity it supported with State or local funds the prior year.

An LEA may be able to overcome a presumption of supplanting if it has written documentation (for example, state or local legislative action, budget information, or other materials) that it does not have the funds necessary to implement the activity and that the activity would not be carried out in the absence of the Title funds.

These presumptions are rebuttable if the LEA can demonstrate that it would not have provided the services in question with non-federal funds had the federal funds not been available. For example, a LEA in the past year had used state or local funds to pay the salaries of certain personnel. The LEA then experiences significant loss of revenue. In the next year that a LEA may be able to demonstrate that the use of current year federal program funds to pay for the salary costs would not be supplanting because, without the federal funds, it would not have the resources needed to maintain these positions. This exception can also be used where the services are mandated by state law, but the state provides no funds for it.

When using this rebuttable exception it is very important that the LEA maintains good fiscal records and documentation from their Management (School Board, Board of Directors, Authorized Representatives, etc.) that will permit an auditor or program monitor to conclude that they have not supplanted.

In particular, a LEA that believes it could not maintain services previously paid with state or local funds had federal program funds not been available should:

Be able to demonstrate a decrease of state and local funds from the prior year, and the maintenance or increase in standard operating costs (salaries, benefits, supplies, etc.) from the prior year;

-OR-

Be able to demonstrate that any increase in state and local funds is less than increases of the standard operating costs, and state/local funds have not been redirected to a new activity;

-AND-

Be able to demonstrate that Management is on record as deciding to eliminate the activity under question unless a new source of funds is made available from non-state and non-local funds (in the absence of state and local funds), and the activities to be funded under a particular federal program are clearly consistent with the purpose of that program.

TIME AND EFFORT

Monitoring Question(s): 6a, 6b, 6c, and 6d

All employees, including teachers, paraprofessionals, administrators, and other staff whose salary and/or benefits are paid with any portion of ESEA federal funds, must document the time and effort spent within the program through time distribution records. This documentation is completed after the fact to certify/verify that the employee's work was performed during the funding period.

Time and effort documentation is based on specific funding periods and must be recorded using one of the following methods:

- Semi-Annual Certifications for employees that work in the ESEA Program ONLY
- Time and Effort Logs/Personnel Activity Report (PAR) for employees that work in Multiple Programs

In addition, all federally-funded positions, whether certificated or non-certificated, must be coded in MOSIS/Core Data. This includes all assignments approved in the applications, full or part-time, during or outside of school hours. See Exhibit 15-Reporting Guidelines for ESEA Federal Programs at [Core Data/MOSIS](#). All ESEA paid teachers and paraprofessionals must be appropriately certificated for the assignment they are teaching.

Documentation of Personnel

Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. Staff included in the consolidated schoolwide pool or Early Learning blended funding is exempt from time and effort documentation. Personnel Records must:

- Be supported by a system of internal controls which provide reasonable assurance that the charges are accurate, allowable and properly allocated.
- Be incorporated into the official records of the non-Federal entity.

- Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities.
- Encompass both federally assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy.
- Comply with the established accounting policies and practices of the non-Federal entity.
- Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases.
- Budget estimates alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes.
- Records may reflect categories of activities as a percentage distribution of total activities.

SEMI-ANNUAL CERTIFICATION

Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications are required to be prepared at least semi-annually.

When using this method, documentation must be completed for each applicable individual employee. A sample Semi-Annual Certification form may be found [here](#).

The requirements for the "Semi-Annual Certification Form" are as follows:

- Must be prepared semi-annually for the funding period indicated on the form. The funding period is generally a six-month time frame or a school semester.
- Must include dates of funding period.
- Must be signed AFTER the funding period indicated on the form.
- Must be signed by either the employee or a supervisor having first-hand knowledge of the work performed by the employee

MONTHLY PERSONNEL ACTIVITY REPORT (PAR)

Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports (PARs). Salaries and wages of employees used in meeting cost sharing or matching requirements of Federal awards must be supported in the same manner as those claimed as allowable costs under Federal awards.

When using this method, documentation must be completed for each applicable employee on a monthly basis.

The form for this method of reporting time and effort is called a "Personnel Activity Report" or a "PAR" and may be found [here](#).

The requirements for the Time and Effort Logs/Personnel Activity Report (PAR) are as follows:

- The log must be completed on a monthly basis.
- The log must account for the total activities of the employee for all programs, including both the direct and indirect time.
- Must be signed after the end of each month.
- Must be signed by both the employee and a supervisor having first-hand knowledge of the work performed by the employee.

SUBSTITUTE SYSTEM FOR TIME AND EFFORT

State educational agencies (SEAs) are authorized to approve local educational agencies (LEAs) to use a substitute system for time-and-effort reporting in accordance with the following guidelines. In permitting an LEA to use the substitute system, the SEA must obtain from the LEA a management certification certifying that only eligible employees will participate in the substitute system and that the system used to document employee work schedules includes sufficient controls to ensure that the schedules are accurate. Substitute system guidelines include:

- (1) To be eligible to document time and effort under the substitute system, employees must:
 - a. Currently work on a schedule that includes multiple activities or cost objectives that must be supported by monthly personnel activity reports;
 - b. Work on specific activities or cost objectives based on a predetermined schedule; and
 - c. Not work on multiple activities or cost objectives at the exact same time on their schedule.
- (2) Under the substitute system, **in lieu of personnel activity reports**, eligible employees may support a distribution of their salaries and wages through documentation of an established work schedule that meets the standards under section (3). An acceptable work schedule may be in a style and format already used by an LEA.
- (3) Employee schedules must:
 - a. Indicate the specific activity or cost objective that the employee worked on for each segment of the employee's schedule;
 - b. Account for the total hours for which each employee is compensated during the period reflected on the employee's schedule; and
 - c. Be certified at least semiannually and signed by the employee and a supervisory official having firsthand knowledge of the work performed by the employee.
- (4) Any revisions to an employee's established schedule that continue for a prolonged period must be documented and certified in accordance with the requirements in section (3). The effective dates of any changes must be clearly indicated in the documentation provided.
- (5) Any significant deviations from an employee's established schedule, that require the employee to work on multiple activities or cost objectives at the exact same time, including but not limited to lengthy, unanticipated schedule changes, must be documented by the employee using a personnel activity report that covers the period during which the deviations occurred.

In lieu of completing PARs every month, eligible employees may complete a "Substitute System Employee Certification Form" to support the distribution of the work performed in each program or cost objective. However, prior to implementing the Substitute System, the district/LEA must submit a "Substitute System Management Certification Form" to DESE annually for approval.

More information regarding the Substitute System, including the "Substitute System Management Certification Form," sample fixed work schedules, and a sample "Substitute System Employee Certification Form" may be found [here](#).

The requirements for the "Substitute System Employee Certification Form" for the Substitute System are as follows:

- Must be prepared semi-annually for the funding period indicated on the form. The funding period is generally a six-month time frame or a school semester.
- Must be signed after the funding period.
- Must be signed by both the employee and a supervisor having first-hand knowledge of the work performed by the employee.
- Must attach a copy of the fixed work schedule to the "Substitute System Employee Certification Form."

STIPENDS/EXTRA DUTY

When a non-Federal entity pays for extra work beyond an employee's regular contract, then the non-Federal entity must develop beforehand written documentation that indicates the extra work to be performed, the date(s) of performance, and the amount or rate to be paid to the employee. A contract if established must also be signed by the non-Federal entity and the employee to show the acceptance of the terms.

Stipends/extra duty pay refers to pay for extra work beyond an employee's regular contract. The LEA must have written documentation/agreement to support the stipend/extra duty pay prior to the payment of ESEA federal funds. The written documentation/agreement should include:

- The activity/extra work to be performed
- The applicable date(s) of performance
- The amount to be paid to the employee
- Employee's signature
- Supervisor/official to show acceptance of the terms

Furthermore, stipends/extra duty pay must be relevant to the federal program if federal funds are being utilized to pay the stipend/extra duty pay. Stipends/extra duty pay may be appropriate for professional development extra duties outside of contractual work. Stipends/extra duty pay may not be used to create salary increases for normal contractual work duties, or duties unrelated to the ESEA programs.

Missouri Department of Elementary & Secondary Education Time and Effort Reporting Guidelines

Cost Objective	Criteria	Documentation Required
Single Cost Objective	<ul style="list-style-type: none"> • Employee works solely on a single Federal award or cost objective 	Semi-Annual Certification <ul style="list-style-type: none"> • Must be prepared at least semi-annually; and • Must be signed after-the-fact by the employee or a supervisory official having firsthand knowledge of the work performed by the employee.*
Multiple Cost Objectives	<ul style="list-style-type: none"> • More than one Federal award; • Federal award & non-Federal award; • Indirect cost activity & direct cost activity; • Two or more indirect activities that are allocated using different allocation bases; or • Unallowable activity & a direct or indirect cost activity. 	Personnel Activity Reports (PAR) <ul style="list-style-type: none"> • Reflect an after-the-fact distribution of the actual activity of the employee. • Account for the total activity for which each employee is compensated; • Be prepared at least monthly and coincide with one or more pay periods; and • Must be signed after-the-fact by the employee and a supervisory official having firsthand knowledge of the work performed by the employee.*
Multiple Cost Objectives w/ Fixed Schedule (Substitute System)	<ul style="list-style-type: none"> • Currently work on a schedule that includes multiple activities or cost objectives that must be supported by monthly personnel activity reports; • Work on specific activities or cost objectives based on a predetermined schedule; and • Not work on multiple activities or cost objectives at the exact same time on their schedule. 	Substitute System Certification & Fixed Schedule <ul style="list-style-type: none"> • Indicate the specific activity or cost objective that the employee worked on for each segment of the employee's schedule; • Account for the total hours for which each employee is compensated during the period reflected on the employee's schedule; and • Be certified at least semi-annually & signed by the employee & a supervisory official having firsthand knowledge of the work performed by the employee.
Stipend and Extra Duty Pay	<ul style="list-style-type: none"> • Pay for extra work beyond an employee's regular contract 	Written Agreement <ul style="list-style-type: none"> • Indicates the extra work to be performed; • Date(s) of performance; • Amount to be paid to the employee; and • Must be signed by the employer & the employee to show the acceptance of the terms. AND Semi-Annual Certification or PAR <ul style="list-style-type: none"> • See and follow requirements above

*Signed could be actual signature or approval in an electronic timekeeping system.

TITLE I.A PROVISIONS

Monitoring Question(s): 7a, 7b, and 7c

BUILDING LEVEL BUDGETS

Allocation Procedures for Eligible Attendance Centers [ESEA Section 1113 or 20 U.S.C. § 6313]

Before determining the allocations for eligible attendance centers, LEAs must set aside sufficient funds in Step 3 of the BOA to provide comparable services to neglected students in local institutions, eligible homeless students in schools not served with Title I.A funds, and if appropriate, students in local institutions for delinquent children and neglected or delinquent children in community day programs. In addition, LEAs may wish to set aside funds for lease, summer school, salary differentials, and Title I.A LEA-wide costs (administration, parent involvement, foster care transportation, preschool, early learning blended, nonpublic carryover, and professional development).

On Step 4 of the BOA, LEAs must allocate Title I.A funds to eligible attendance areas in rank order based on the percentage of the total number of students from economically deprived families in each attendance area. An LEA is not required to allocate the same per pupil amount to each school, as long as the largest per pupil allocation goes to the highest ranked attendance area, and the next ranked attendance area receives an equal or smaller allocation per pupil.

LEAs that opt to serve schools having an economic deprivation rate below 75 percent and using grade span grouping may determine different per-pupil amounts for different grade spans as long as those amounts do not exceed the amount allocated to any school above 75 percent economic deprivation. Per pupil amounts within grade spans may also vary, as long as the LEA allocates higher per pupil amounts to schools with higher economic deprivation rates than it allocates to schools with lower economic deprivation rates.

LEAs with multiple attendance centers serving school(s) with an economic deprivation rate less than 35 percent must allocate to each funded school at least 125 percent of the LEAs allocation per economically deprived child.

LEAs may reduce an attendance center's allocation by the amount of any supplemental state and local funds meeting the requirements of Title I.A.

CARRYOVER

Carryover is the portion of the allocation not expended by the end of the grant period which is added to the available funds in the following fiscal year.

The carryover amount will be reflected under Current Funds Available in ePeGS after the FER has been submitted and approved. Funds not used and carried over into the next fiscal year are subject to these limitations:

1. Title I.A – LEAs with a Title I.A allocation of \$50,000 or more may not carry over more than 15% of the funds allocated each year past September 30th of the following year. DESE may grant a waiver of this limitation once every three years if the LEAs request is reasonable and necessary. LEAs with an allocation of less than \$50,000 may carry over up to 100% of their allocation; and,

LEAs may view the information regarding carryover by clicking on the actual carryover amounts for each program under Current Funds Available in ePeGS. LEAs with a carryover in excess of the limitation for Title I.A must submit a 9/30 Report in ePeGS by October 31st that reflects expenditures and obligations as of September 30th.

COMPARABILITY

LEAs having multiple attendance areas serving same or similar grade spans must demonstrate compliance with comparability requirements annually. LEAs identified as a single attendance area are waived from the comparability of services requirement.

The purpose of the comparability of services requirement is to ensure that Title I schools receive the same level of services from state and local funds as schools that are not receiving Title I funds (Non-title I buildings).

An LEA must develop procedures for complying with the comparability requirements. [Section 1120A(c)(3)] These procedures should be in writing and should, at a minimum, include the LEA's timeline for demonstrating comparability, identification of the office responsible for making comparability calculations, the measure and process used to determine whether schools are comparable, and how and when the LEA makes adjustments in schools that are not comparable. An early determination of comparability would allow an LEA to make adjustments with the least amount of disruption.

Demonstrating comparability is a prerequisite for receiving Title I, Part A funds.

A LEA should keep the comparability requirement in mind as it plans for the allocation of instructional staff and resources to schools for the coming school year. This would enable the LEA to minimize the potential for disruption in the middle of a school year, should adjustments need to be made to ensure that Title I schools are comparable to non-Title I schools.

In November, the Department provides LEAs with comparability reports using October MOSIS/Core Data information in computing pupil/teacher ratios. The study includes teachers that are paid in full or part with local or state funds. The study excludes teachers of supplemental educational programs that meet the intent of Title I. The comparability test has a 10% allowable variance built into the study to accommodate variances in services.

Additional information can be found [here](#)

EXAMPLE: Below is a possible timeline an LEA could follow in determining comparability:

January-April	<ul style="list-style-type: none"> Engage in district-level budget (State and local funds) discussions concerning staff assignments, and distribution of equipment and materials for the purpose of ensuring compliance with Title I comparability requirements for the upcoming school year.
May – July	<ul style="list-style-type: none"> Conduct meetings with appropriate LEA representatives to discuss the requirements for completing the annual comparability calculations. Establish participant roles and responsibilities. Establish specific timeline for completion of the calculations. Decide which calculation methodology to use. Identify LEA Title I and non-Title I Schools.
August	<ul style="list-style-type: none"> Obtain preliminary information from appropriate LEA staff.
September	<ul style="list-style-type: none"> Identify date and collection methodologies for gathering data needed to complete calculations.
October	<ul style="list-style-type: none"> Collect and report data. Meet with appropriate staff and calculate comparability. Make corrections to Title I schools shown not to be comparable.
November	<ul style="list-style-type: none"> Reconvene appropriate LEA staff to address any outstanding issues. Maintain all required documentation supporting the comparability calculations and any corrections made to ensure that all Title I schools are comparable.

An LEA should keep the comparability requirement in mind as it plans for the allocation of instructional staff and resources to schools for the upcoming school year. This would enable the LEA to minimize the potential for disruption in the middle of a school year, should adjustments need to be made to ensure that Title I schools are comparable to non-Title I schools.

NONPUBLIC SCHOOL SERVICES/EQUITABLE SERVICES

Monitoring Question(s): 8

The Every Student Succeeds Act (ESSA) requires the Missouri Department of Elementary and Secondary Education (DESE) to provide notice to nonpublic school officials of the allocation of funds for educational services and other benefits that the local educational agencies (LEAs) have determined are available for eligible nonpublic school children.

The **ESEA Nonpublic Details report** provides the proportionate share prior to any transfer of funds and is available in the electronic Plan and electronic Grants System (ePeGS) for LEAs with an **approved** ESEA Consolidated budget application. As noted on the report, the allocation details are based on the original allocation and do not include Title II.A and IV.A transfers or carryover funds. When a LEAs transfers funds from one program to another, the transferred amount become funds of the program to which they are transferred and must calculate equitable service shares based on the total amount of funds after the transfer.

Following is the link and directions to view the ESEA Nonpublic Details report in [DESE Web Applications](#) under ePeGS.

1. Go to [DESE Web Applications](#)
2. Select *View Public Applications*
3. Under DESE Web Applications, select *ePeGS*
4. Using the dropdown list, select the district where the nonpublic school is located and *Select*
5. From the navigation on the left, Select *Report Menu*
6. On the Funding Application Reports, Select *Show*, then *ESEA Nonpublic Details*
7. Select Year
8. Under District select your nonpublic school
9. Select *View Report*

Allocations are determined on a formula basis and differ by program as outlined below. Enrollment, poverty and participation data are from the Nonpublic Registration Form. The nonpublic enrollment numbers, economic deprivation numbers AND the economic deprivation method entered by the nonpublic school in the Nonpublic Registration Form had to be *accepted* by the public school in the Nonpublic Public School Verification in order to be used for allocation purposes.

TITLE I equitable services to eligible nonpublic school children, teachers and other educational personnel and families must be equal to the proportion of funds allocated to participating public school attendance areas based on the number of children from low-income families who reside in those attendance areas and attend nonpublic schools. Title I proportionate share available for equitable services is based on the total amount of Title I funds plus transfers of funds. A sample allocation is on page 26 of the [Administrative Manual](#).

TITLE II.A, TITLE III.A and TITLE IV.A equitable services are based on a per-pupil amount available for all public and nonpublic school students enrolled in the area served by the LEA. The LEAs nonpublic schools' allotments are determined by dividing the total Title allocation and transfer funds by the total enrollment of public and nonpublic

students. This results in a per-pupil amount. The per-pupil amount is multiplied by the enrollment count in each nonpublic school to get the allocation for that school.

ESEA requires timely and meaningful consultation between public school district personnel and representatives of nonpublic schools. LEAs must notify participating nonpublic schools of their allocation(s). Educational services or other benefits shall be secular, neutral, and non-ideological in nature.

TITLE I.A AND TITLE I.D NEGLECTED AND DELINQUENT

Monitoring Question(s): 9

The Title I N&D Caseload Count of Children and Title I State Agency (SA) N&D Caseload Count of Children can be accessed by logging into the DESE Web Application Menu - <https://apps.dese.mo.gov/webLogin/login.aspx>, select Compliance Plans (Federal and State).

Caseload Data - the total number of children, ages 5-17, inclusive, who live in the institution for at least one day during a 30 consecutive day period, **at least one day** of which falls within the month of October. This data is used in the Title I formula for the computation of grants. There must be documentation available to support the caseload data reported in this item since this count generates Title I funds and is subject to audit. If there is a 25% difference from the prior year, submit reason for the difference.

SCHOOLWIDE POOL PROVISIONS – CONSOLIDATING FEDERAL, STATE, & LOCAL FUNDS IN A SCHOOLWIDE PROGRAM

Monitoring Question(s): 10a, 10b, and 10c

The purpose of consolidating funds is to help a schoolwide program school effectively design and implement a comprehensive plan to upgrade the **entire educational program** in the school based on the school's needs identified through its **comprehensive needs assessment**. By consolidating funds from federal, state, and local sources, a schoolwide program school can address its needs using all available resources. This gives a school more flexibility in how it uses available resources to meet the specifically identified needs of its students.

Consolidation of various grant funds gives LEAs a total amount of funding available to serve their unique needs within each school building. LEAs that operate schoolwide pooling within their buildings have the ability to focus on and budget against their collective needs rather than individual program/grant amounts and requirements. Benefits include:

- One budget
- One accounting program/source code
- Leverage of resources and flexibility on uses of funds

The LEA must ensure that each school meets the supplement not supplant requirement as it relates to a schoolwide program, i.e. each school operating a schoolwide program must receive all the state and local funds it would otherwise receive to operate its educational program in the absence of Title I.A or other federal education funds. The school does not need to demonstrate that Title I funds are used only for activities that supplement those the school would otherwise provide with non-Federal funds. In order for Federal funds to make a difference in a schoolwide program, they must **supplement those funds the school would otherwise receive.**

BUSINESS RULES AND PROTOCOLS

- A Schoolwide Pool program must include Title I and State/local funds and may include other sources such as Title II.A, Title III, Title VI.B, Title I School Improvement (a) and Special Education Part B.

- The Schoolwide pool includes **building level educational** funds. These *may* include:
 - Instruction function codes 1111 through 1942 (except for Adult Ed)
 - Support Services 2111 through 2213
 - Community Services (3611 Homeless, 3812 Afterschool and 3912 Parental Involvement)
 - Special Education instruction and support services IF Special Education/IEP program funds are contributed to the Pool
- The LEA should **NOT** include:
 - function 216x through 2182 Special Education/IEP services unless Special Education program funds are contributed to the Pool
 - function code 2214 Professional Development (to meet the requirement of Section 160.530, RSMo to allocate at least 1% of current year basic formula funds)
 - function codes 23xx Support Services – General Administration
 - function codes 24xx Support Services – Building Level Administration (building level Principal and instructional support are optional)
 - function codes 25xx Business Support Services (optional for function 2546 Security Services, if part of your Title IV.A plan)
 - function codes 26xx Support Services – Central Office
 - function codes 40xx Facilities Acquisition and Construction (4051 may be used for *minor* remodeling)
 - function codes 50xx Long and Short Term Debt
- All schoolwide buildings in a LEA are not required to participate in the Schoolwide Pool.
- Funds set-aside on Step 3 of the Breakdown of Allocations (BOA) such as preschool, neglected, etc. and allocations for nonpublic equitable services are not pooled. They are budgeted on the Title I budget grid.
- If pooling, must do so on the initial budget for that program. For example, initial ESEA Consolidated budget with Schoolwide Pool submitted by July 1 is approved on August 1. If initial SIG grant is made available on September 1, the Schoolwide Pool budget may be revised to include SIG.
- Schoolwide pool cannot be discontinued during the program year.
- Program contributions to the Schoolwide Pool can't be reduced below the amount paid to date. For example, the LEA pooled \$10,000 in Title II.A. By November, the LEA was paid \$4,000 in Title II.A funds through the Schoolwide Pool. The Title II.A contribution can only be reduced to a minimum of \$4,000.
- Special Education Part B has a maximum amount allowed for the Schoolwide Pool. The formula for Maximum Amount Allowed for Schoolwide Pool is current year Part B allocation plus Part B allocation adjustments divided the prior year December 1 child count -for the LEA times the number of children with disabilities participating in the Schoolwide Pool building program for prior year December 1 child count. This amount will not change unless there is a Part B allocation change.
- The Period of Availability/Obligation for Schoolwide Pool applies for all the activities within the Pool. LEA must maintain records that enable it to know the amounts of funds from Federal, State, and local sources that the LEA allocates to the school and that are combined in the consolidated Schoolwide Pool. The LEA could then apportion the funds based on the percent of funds contributed to the pool from each source.
- Equipment purchased should be coded to the LEA inventory records as purchased with Schoolwide Pool.

Schoolwide Pool must be reported with a Project Code of 40001. LEAs must report the expenditures under the appropriate location code, even if the Missouri Financial Accounting Manual does not require a location code. DESE will designate the source-of-funds code for the expenditures for each location code based on budget contribution. Total expenditures reported on the FER will equal the sum of the building allocations.

General Federal Guidance

General Federal Guidance Manual

- Definitions *(page 5)*
- Allowable/Reasonable/Allocable Costs *(page 5)*
- Annual Risk Assessment *(page 5)*
- Cash Management Improvement Act (CMIA) *(page 11)*
- Conferences/Meetings *(page 13)*
- Equipment and Other Capital Expenditures (Construction) *(page 14)*
- Contracts vs. Subrecipient/Subgrantee *(page 14)*
- Davis-Bacon Act *(page 15)*
- Debarment and Suspension *(page 15)*
- Equipment and Real Property Management *(page 15)*
- Financial Management/Separate Tracking *(page 19)*
- Fraud and Abuse *(page 20)*
- Nondiscrimination *(page 20)*
- Obligation *(page 20)*
- Period of Availability *(page 22)*
- Political Activity *(page 22)*
- Procurement *(page 23)*
- Program Income *(page 30)*
- Record Retention *(page 31)*
- Single Audit *(page 31)*
- Supplement/Supplant Requirements *(page 32)*
- Supplies *(page 33)*
- Time and Effort *(page 34)*
- Travel Costs *(page 38)*
- Written Policies or Procedures Requirements *(page 38)*

ESEA Finance Guide

- Allocations *(page 9)*
- Allocations - New and Expanding Charter Schools *(page 15)*
- Nonpublic Equitable Share *(page 17)*
- Supplement not Supplant *(page 18)*
- Preschool *(page 23)*
- Professional Development *(page 23)*
- Schoolwide Pool *(page 24)*
- Payment *(page 32)*
- Final Expenditure Report (FER) *(page 40)*
- Title I 9/30 Report *(page 46)*
- Carryover *(page 48)*
- Reallocation of Funds *(page 49)*
- Maintenance of Effort *(page 49)*
- Title I Comparability *(page 52)*

- Cash Management Improvement Act (CMIA) *(page 53)*
- Staff Paid with ESEA Funds - Time & Effort *(page 54)*
- Contracts *(page 58)*
- Staff Paid with ESEA Funds - MOSIS Reporting *(page 58)*
- Financial Coding *(page 59)*

APPENDIX A – TIERED MONITORING

GRANTING ACCESS TO TIERED MONITORING SYSTEM

1. The district/LEA's user manager must log into the DESE Web Applications. Select "User Manager" from the Web Application menu
2. Select "User Access" from the left navigation menu
3. For a new user, select "Add User to District"
 - a. Perform a search to see the user has a current ID
 - b. If not, the user must create a public account
 - c. Once the ID is created, select "Add User to District" and using the newly created ID, add the user to the district.
 - d. At the bottom of the screen, under Cross Divisional, grant either "District Submit (for Administrator)" or "District Save" (for Users) rights and click save. Please note: "District Submit" or "District Save" option will not appear until district/LEA has been assigned to Self-Assessment Monitoring
 - e. If select "District Save" (for Users), a Tiered Monitoring District Administrator will need to grant duties to all users within the Tiered Monitoring System. This is done using the "Manage Securities" link under the Utilities box on the right-hand side of the Federal Monitor-LEA Home page.
4. For an existing user (has an existing ID), select "Modify District User"
 - a. At the bottom of the screen, under Cross Divisional, grant either "District Submit" (for Administrator) or "District Save" (for Users) rights and click save. Please note: "District Submit" or "District Save" option will not appear until district/LEA has been assigned to Self-Assessment Monitoring
 - b. If select "District Save" (for Users), the Tiered Monitoring District Administrator will need to grant duties to all users within the Tiered Monitoring System. This is done using the "Manage Securities" link under the Utilities section on the Tiered Monitoring LEA Homepage.
5. The user manager will then need to log into Tiered Monitoring (on the Web Applications menu).
 - a. Click on "Maintain User Security" in the Utilities box on the right-hand side of the Federal Monitor-LEA Home page.
 - b. Click on "Manage Assignments" beside the individual's name for who access is being granted. Check the appropriate access (view, data entry, authorized representative) for Special Education Finance (approximately mid-way down the page).
6. The user (not the User Manager) will need to log in to Web Applications, click on Tiered Monitoring link. They will need to open Tiered Monitoring System, log out, and then log back in before changes to the profile will take effect.

COMPLETING THE SELF-ASSESSMENT IN TIERED MONITORING

1. Log on to [Web Applications](#) on the DESE webpage.
2. Sign into DESE Web Applications by entering the Username and Password.
3. On the Web Applications Menu, Click on Tiered Monitoring. If the Tiered Monitoring option does not appear as an option, then you do not currently have access to the system. The LEA User Manager will need to assign access through the user manager link (*Maintain User Security, Select User Name, Assign Monitoring Reports & Security Levels (View, Data Entry and Authorized Representative)*).
4. Select Elementary and Secondary Education Act (ESEA) Finance Self-Assessment
 - a. Under Maintain Assignment Info, select edit on LEA Contact and complete the grant contact Name, Phone, and Email. Save.
 - b. Under Document Sections – complete each section
 - i. Complete each question with a Y (Yes), N (No), or N/A (not applicable) response.
 - ii. If N (No) or N/A (not applicable) is selected, please include an explanation in the LEA Comments.
 - iii. Save each section after you have completed them.
 - c. After all questions have been answered Submit All Sections.
5. Document Uploads are only required for Onsite/Virtual and/or Phone Monitoring.
6. If the LEA is selected for an Onsite/Virtual and/or Phone Monitoring then they must complete the Self-Assessment and upload documentation that supports each question in the self-assessment. Additional documentation may also need to be provided.
7. Under each Section, under Document Uploads, Documents, you will need to upload file.

UPLOADING ADDITIONAL DOCUMENTS INTO TIERED MONITORING

8. Log on to [Web Applications](#) on the DESE webpage.
9. Sign into DESE Web Applications by entering the Username and Password.
10. On the Web Applications Menu, Click on Tiered Monitoring. If the Tiered Monitoring option does not appear as an option, then you do not currently have access to the system. The LEA User Manager will need to assign access through the user manager link (*Maintain User Security, Select User Name, Assign Monitoring Reports & Security Levels (View, Data Entry and Authorized Representative)*).
11. On the LEA Home Page, locate the Utilities Box on the right side of the page. Click on Global Document Repository (uploads) link. This will allow the LEA to upload documentation for DESE review.
12. Global Document Repository page will open. Click on + Upload a file link.
13. A pop-up screen will appear that will allow the upload of a document or web link.
14. For Document Type, select the appropriate program (Student Connectivity or Transportation Supplement). Then select the document section (section applicable to upload).
15. There is also an option to submit a web link. To do so, check the next to “Do you want to past a link to an external file?” Past link information in the appropriate box.
16. Add file description (according to the type of documentation uploaded). Then click up-load. A message will appear to indicate the upload was successful.

APPENDIX B – SAMPLE FEDERAL AWARD IDENTIFICATION

CFDA Title	CFDA Number	Federal Award Identification Number (FAIN)	Fiscal Year of Award	Name of Federal Agency	Name of Pass-Through Entity	Project Code Used to Identify Grant Expenditures	Revenue Code	Revenue Code Title
Title I.A Grants to LEAs	84.010A	S010A220025 S010A210025	FFY2022 2022-2023 FFY 2021 2021-2022	U.S. Department of Education	Missouri Department of Elementary & Secondary Education	45100	5451	Title I
Title I.A Grants to LEAs	84.010A	S010A220025 S010A210025	FFY2022 2022-2023 FFY 2021 2021-2022	U.S. Department of Education	Missouri Department of Elementary & Secondary Education	45102	5451	Title I School Improvement (a) – Comprehensive Schools
Title I.A Grants to LEAs	84.010A	S010A220025 S010A210025	FFY2022 2022-2023 FFY 2021 2021-2022	U.S. Department of Education	Missouri Department of Elementary & Secondary Education	45103	5451	Title I.D - LEA
CFDA Title, Number, FAIN, and Fiscal Year of Award will include all programs that are included in Schoolwide pool.				U.S. Department of Education	Missouri Department of Elementary & Secondary Education	40001		Schoolwide Pool
Migrant Education	84.011A	S011A220025 S011A210025	FFY2022 2022-2023 FFY 2021 2021-2022	U.S. Department of Education	Missouri Department of Elementary & Secondary Education	45200	5452	Title I.C
Preparing, Training, and Recruiting High-Quality Teachers, Principals, or Other School Leaders	84.367A	S367A220024 S367A210024	FFY2022 2022-2023 FFY 2021 2021-2022	U.S. Department of Education	Missouri Department of Elementary & Secondary Education	46500	5465	Title II.A

CFDA Title	CFDA Number	Federal Award Identification Number (FAIN)	Fiscal Year of Award	Name of Federal Agency	Name of Pass-Through Entity	Project Code Used to Identify Grant Expenditures	Revenue Code	Revenue Code Title
Student Support & Enrichment Academic Grant	84.424A	S424A220026 S424A210026	FFY2022 2022-2023 FFY 2021 2021-2022	U.S. Department of Education	Missouri Department of Elementary & Secondary Education	46100	5461	Title IV.A Student Support and Academic Enrichment
Title III – English Learner - English Language Acquisition: State Formula Grant Program	84.365A	S365A220025 S365A210025	FFY2022 2022-2023 FFY 2021 2021-2022	U.S. Department of Education	Missouri Department of Elementary & Secondary Education	46200	5462	Title III – English Learner
Title III – Immigrant- English Language Acquisition: State Formula Grant Program	84.365A	S365A220025 S365A210025	FFY2022 2022-2023 FFY 2021 2021-2022	U.S. Department of Education	Missouri Department of Elementary & Secondary Education	46201	5462	Title III - Immigrant
Title V.B -Rural and Low-Income Schools	84.358B	S358B220025 S358B210025	FFY2022 2022-2023 FFY 2021 2021-2022	U.S. Department of Education	Missouri Department of Elementary & Secondary Education	49201	5492	Title V.B, Rural Low-Income School
			FFY2022 2022-2023 FFY 2021 2021-2022	U.S. Department of Education	Missouri Department of Elementary & Secondary Education	5463	46300	Homeless Education
Title I.A Grants to LEAs	84.010A	S010A220025 S010A210025	FFY2022 2022-2023 FFY 2021 2021-2022	U.S. Department of Education	Missouri Department of Elementary & Secondary Education	40002		Early Learning Blended

APPENDIX C – SAMPLE TIME & EFFORT DOCUMENTATION

PERSONNEL ACTIVITY REPORT (PAR)

PERSONNEL ACTIVITY REPORT (PAR)

Name	Title																															Month	Year																
DIRECT TIME																																TOTAL																	
PROGRAM(S)/COST OBJECTIVE(S)	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	HOURS																	
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SUBTOTAL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0																	
INDIRECT TIME																																																	
Annual Leave																																0																	
Comp Time Taken																																0																	
Sick Leave																																0																	
Holiday																																0																	
Training																																0																	
Other (Describe)																																0																	
SUBTOTAL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0																		
GRAND TOTALS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0																		
I certify that this PAR reflects the actual and total activity worked on the programs or cost objectives indicated above for the period covered by this report.																																																	
																Employee Signature																	Supervisor Signature																
																Date																	Date																
Note: At least quarterly, the actual time reflected on the PAR must be compared to the payroll charges, and if differences exist, then payroll adjustments must be made.																																																	

STIPEND/EXTRA DUTY AGREEMENT

LEA Name:	
Employee Name:	
Campus/Building Name:	
Employee Job Title:	
Stipend Name:	
Stipend Duties:	
School Year:	
Stipend Beginning Date:	
Stipend End Date:	
Stipend Amount:	
Accounting Code:	
Program Funding:	
Payment Frequency:	

LEA and the Stipend Recipient agree that the Stipend Recipient, in addition to the duties of his/her regular LEA assigned position, will carry out the required duties under the authority of the LEA Board and supervision of the Principal/Program Administrator of the stipend.

This agreement may be terminated by either party with or without cause by providing written notice to the other party. Further, the Stipend Recipient may be removed from their stipend duties at the discretion of the principal or designee prior to the actual termination of this agreement. Termination of this agreement by either party shall not, in itself, constitute cause for termination of any separate teaching or employment contract between the Stipend Recipient and District/LEA.

Principal/Originator Signature: _____ Date: _____

Stipend Recipient Signature: _____ Date: _____

APPENDIX D – GENERAL LEDGER CODING

By tracking all ESEA program expenditures separately, the LEA will be able to accurately complete time certifications, track equipment, ensure Cash Management compliance, and compute payment requests and FER amounts.

GENERAL LEDGER BASICS

A general ledger should be detailed enough that an outside individual not familiar with the LEA could easily:

- Identify the fund the expenditure is from (Teachers Fund, Incidental Fund, etc.)
- Identify the program the expenditure is from (Title I, Title II.A, Title III, Title IV.A, Title V.B, etc.)
- Identify the type of expenditure (salaries, benefits, purchased service, etc.)
- Identify the funding source of all expenditures
- Identify the funding source year if applicable (FY21, FY22, FY23 funds, etc.)
- Determine the allowability of the expenditure based on the account descriptor

The above bulleted items can be accomplished if the LEA follows the account coding as indicated in the [Missouri Accounting Manual](#).

ACCOUNTING CODE STRUCTURE

The Missouri Accounting code structure consists of six components, including the fund code, function code, object code, location/building code, source code, and project code as shown in the table below.

FUND TYPE	FUNCTION CODE	OBJECT CODE	LOCATION CODE	SOURCE OF FUNDS	PROJECT CODE
3 Digits	4 Digits	4 Digits	4 Digits	1 Digit	5 Digits

The **FUND CODE** consists of two basic elements. The first two digits indicate the type of fund and the last digit indicates the fiscal year. Additional information regarding fund codes can be found in the Missouri Accounting Manual.

FUND TYPE DESCRIPTION	FUND CODE
General Fund	10x
Teachers Fund	20x
Capital Projects Fund	40x

The **FUNCTION CODE** describes the action, purpose, or program for which the activities are performed. Function codes ending in zero are not to be used for posting transactions. Function code descriptions and a complete list of function codes can be found in the Missouri Accounting Manual.

The following table contains a list of the high level function codes that can be utilized for ESEA program expenditures.

FUNCTION CODE DESCRIPTION	FUNCTION CODE
Instruction	1000
Support Services	2000
Business Support Services	2500
Community Services	3000
Facilities Acquisition and Construction Services	4000

The **OBJECT CODE** identifies the service or commodity obtained and is based on how a particular expenditure is paid out or is planned to be paid out, whether as salary, an employee benefit, a purchased service, etc. The following is a list of subclass object codes that are not to be used for posting transaction. Detail codes (i.e. 6111, 6151, 6211, 6311, 6411, etc.) should be used for posting transactions.

OBJECT DESCRIPTION	OBJECT CODE
Certificated Teacher Salaries	6100
Classified Salaries	6150
Employee Benefits	6200
Purchased Services	6300
Supplies and Materials	6400
Capital Outlay	6500

Note: please reference [DESE's Technology Coding Guidance](#) for additional information on object codes.

The **LOCATION CODE** identifies the individual campuses within an LEA. The LEA must use DESE's core data building codes, to distinguish separate campuses where student enrollment and attendance data is reported. The following are examples of location codes LEAs can utilize.

LOCATION DESCRIPTION	LOCATION CODE
Central Office	1000
Elementary Building 1	4020
Elementary Building 2	4025
Elementary Building 3	4030
Middle School Building 1	3000
Middle School Building 2	3020
High School Building 1	1050
High School Building 2	1070

The **SOURCE CODE** identifies the funding source used to fund a specific expenditure. All ESEA programs expenditures must be tracked with a federal source code of 4.

The **ACCOUNT DESCRIPTOR** identifies what the expenditure is for. Each account descriptor should be specific enough to determine both the purpose of the expenditure and if the expenditure is an allowable use of funds. For example, the use of an account descriptor such as "iPads" is preferred as opposed to "Materials & Supplies".

TRACKING EXPENDITURES

Expenditures paid with ESEA funds MUST be tracked separately in the general ledger from expenditures paid with all other funding sources. By tracking all ESEA program expenditures separately, the LEA will be able to accurately complete time certifications, track equipment, ensure Cash Management compliance, and compute payment requests and FER amounts.

CONFERENCES/MEETINGS

A conference is defined as a meeting, retreat, seminar, symposium, workshop or event whose primary purpose is the dissemination of technical information beyond the non-Federal entity and is necessary and reasonable for successful performance under the Federal award.

Allowable conference (meeting) costs paid by the non-Federal entity as a sponsor or host of the conference may include:

- Rental of facilities
- Speakers' fees

- Employees of LEA may not be paid a speaker fee unless specifically permitted by the authorizing statute, regulation and Department
- Costs of meals and refreshments
 - Meal costs are allowed unless specifically not permitted by the authorizing statute, regulation and Department (please contact the appropriate DESE program section for further guidance).
 - If allowed, LEA may need to provide the following documentation
 - Agenda
 - List of Attendees
 - Meal costs are reasonable and necessary based on the LEA's policies and procedures
 - Written justification to demonstrate how it meets the goals and objectives of a Federal grant
- Local transportation
- Other items incidental to such conferences

Reference: 2 CFR Part 200.432

Unallowable conference (meeting) costs

- Entertainment costs
 - Costs of entertainment, including amusement, diversion, and social activities and any associated costs are unallowable.

Reference: 2 CFR Part 200.438

UNALLOWABLE COSTS

Examples of unallowable expenditures include the following:

- Entertainment and Promotional Items (pens, bags, t-shirts, etc.)
- Recreational Field Trips/Classroom Parties
- Goods or services for personal use
- General Education Expenditures
- Principal/Superintendent Salaries
- Alcoholic Beverages
- Fines and Penalties
- Lobbying
- Materials and Supplies Deemed Unnecessary (i.e. coffeemaker, decorations, flower arrangements, party supplies, proms/dances, etc.)
- Paying uncertificated staff

APPROVING EXPENDITURES

Expenditures should have the approval of an individual familiar with ESEA federal requirements to ensure allowable use of funds and that the expenditure is necessary and reasonable for the applicable program.

JOURNAL ENTRY CORRECTIONS

Journal entry corrections related to ESEA funded expenditures should have the approval of the individual familiar with the grant program requirements to ensure allowable use of funds and that the expenditure is necessary and reasonable for the program. When journal entry corrections are necessary after the LEAs general ledger has been closed, a General Ledger Journal Entry Correction (GLJEC) form must be completed. The LEA must save this form as part of the formal records of the LEA.

APPENDIX E – CAPITAL OUTLAY

Capital Outlay is defined as construction, renovation, purchase of real estate or purchase of vehicles. Construction, renovation, and real estate are considered real property. **No LEA may use its grant for construction unless specifically permitted by the authorizing statute, regulation and Department.**

VEHICLES (Buses, Vans, etc.)

- Vehicles with a current per unit fair market value of less than \$5,000 may be retained, sold, or otherwise disposed of with no further obligation to DESE.
- Vehicles with a current per unit fair market value of more than \$5,000 may be retained or sold. However, in either situation the LEA must pay DESE the applicable portion of the current fair market value that can be attributed to the ESEA federal funds as determined in the initial purchase of the vehicle. For example, if ESEA federal funds were used to pay fifty percent (50%) of a bus purchase, once the bus is sold, fifty percent (50%) of the current fair market value/proceeds must be paid to DESE.

APPENDIX F – MONITORING QUESTIONS AND CAPS

Monitoring questions will be presented to LEAs to determine compliance with federal requirements. The supporting documentation listed may be reviewed during the monitoring process. If the LEA is found non-compliant, the typical required action is listed in the CAP column. However, depending on specific situation, additional and/or other CAPs may be issued. Once a CAP has been issued, the LEA has 30 calendar days to respond to the initial CAP. In the event a subsequent CAP is issued, the LEA will have up to two weeks to respond. See the following table for the monitoring questions and corrective action plans.

POLICIES AND PROCEDURES			
QUESTIONS		DOCUMENTATION	CAP
POLICIES AND PROCEDURES - FINANCIAL MANAGEMENT/CODING EXPENDITURES/SEPARATE TRACKING			
1a.	<p>LEA has a method for the identification of ESEA grants and includes the following required components:</p> <ul style="list-style-type: none"> • CFDA Title and Number • Federal Award Identification Number (FAIN) • Fiscal Year of the Award • Name of the Federal Agency (USED) • Name of the Pass-Through Entity (DESE) • Project Code • Source Code 	<p>The LEAs financial management system or the Federal Award Identification spreadsheet contains all required components of identification of Federal awards received and expended and may be used to fulfill this requirement.</p>	<p>The LEA must create a Federal Award Identification spreadsheet with the required components.</p>
POLICIES AND PROCEDURES - TRAVEL POLICY			
1b.	<p>LEA has a written policy on travel that explains the requirements of travel status and the reimbursement of travel costs. In addition, the ESEA travel expenses adhere to this policy.</p> <p>Policy must address the process used to reimburse expenses of employees on official business (actual cost basis, per diem basis, or mileage basis).</p> <p>Policy must address the process used to determine whether costs for travel, including lodging, subsistence, and incidental expenses, are reasonable and allowable.</p>	<p>LEA board approved policy</p>	<p>The LEA must provide the required written procedure.</p>

POLICIES AND PROCEDURES - ALLOWABLE USE OF FUNDS			
QUESTIONS		DOCUMENTATION	CAP
1c.	Does the LEA have written procedures on determining allowability of costs?	LEA policies and procedures (i.e. CGC-AP(2)) General Ledger Purchase Orders Invoices	The LEA must provide the required written procedure. Generally, a cost is allowable if it is necessary, reasonable, allocable and documented.
POLICIES AND PROCEDURES - CASH MANAGEMENT			
1d.	LEA has written procedures on cash management that explain the process to request reimbursement of Federal funds. In addition, ESEA payment requests and FER adhere to these procedures.	LEA policies and procedures General Ledger Payment Request	The LEA must create a process/procedure to ensure future compliance with CMIA timelines by making payment requests based on actual expenditures coded in the general ledger as being paid with ESEA federal funds at the time of the payment request.
POLICIES AND PROCEDURES - PROCUREMENT			
1e.	LEA has written procedures on procurement and LEA follows procurement procedures which also includes conflict of interest and actions for violations of those standards.	LEA policies and procedures (i.e. DJFA, DJF-2, DJF-AP1, DJF-2-AP(1)) Contracts Invoices Purchase Orders Bidding Documentation	The LEA must create a process/procedure to ensure future compliance with procurement requirements by following the LEA Procurement Procedure for all purchases made with ESEA federal funds.
INTERNAL CONTROLS			
2a.	LEA has written policies and procedures explaining Internal Controls and includes: segregation of duties/second approval, approval of expenditures, journal entry correction approval, supervision/monitoring of operations, retention of records, physical safeguards, IT security, system controls, and system reports.	LEA policies and procedures Job descriptions, interviews,	The LEA must provide the required written policy/procedure. The LEA must assign segregated duties and/or create a second approval process/procedure to ensure future compliance with internal controls.
2b.	LEA staff duties between accounts receivable and accounts payable are segregated and/or double checked to ensure controls over fraud and abuse.	Job descriptions, interviews, policies and procedures (i.e. DJFA-AP(2))	The LEA must assign segregated duties and/or create a second approval process/procedure to ensure future compliance with internal controls.

EQUIPMENT/INVENTORY			
	QUESTIONS	DOCUMENTATION	CAP
3a.	LEA has an equipment inventory policy.	LEA policies and procedures	The LEA must have an equipment inventory policy.
3b.	LEA has controls/safeguards in place to prevent loss, damage, or theft to equipment purchased from ESEA funds. And, adequate maintenance procedures are in place to keep the equipment in good condition.	Equipment Inventory Records Records	The LEA must create a process/procedure to ensure future compliance with equipment management requirements.
3c.	LEA has an ESEA Equipment Inventory record for ESEA purchases.	Equipment Inventory Records	The LEA must have an equipment inventory record for ESEA purchases.
3d.	Did the LEA update equipment records for purchases made with ESEA funds containing the required elements (description, serial number/identification number, funding source, FAIN, title holder, acquisition date, cost, percentage of federal participation, location, use and condition of the equipment, and applicable disposition data)?	Equipment Inventory Records	The LEA must add equipment purchased with ESEA funds to the mastery inventory listing as it is purchased and received. The LEA must create a process/procedure to ensure future compliance with equipment management requirements.
3e.	Did the LEA conduct physical inventory of ESEA equipment and document results in the equipment records at least once in two years?	Equipment Inventory Records	The LEA must conduct the physical inventory of the equipment purchased with ESEA funds and provide supporting evidence. The LEA must create a process/procedure to ensure future compliance with equipment management requirements.
GENERAL LEDGER			
GENERAL LEDGER - ALLOWABLE USE OF FUNDS			
4a.	Did the LEA utilize DESE assigned project codes to track ESEA expenditures? (Title I 45100, Title II.A 46500 Title IV.A 46100, Title I School Improvement (a) 45102, Title I.D-LEA 45103, Title I.C 45200, Title III-EL 46200, Title III-Immigrant 46201, Homeless Education 46300, Title V.B 49201, Schoolwide Pool 40001	General Ledger/transaction details. Invoices	The LEA must create ESEA project codes to track expenditures. In addition, the LEA may need to recode expenditures to this project code.

GENERAL LEDGER - ALLOWABLE USE OF FUNDS			
QUESTIONS		DOCUMENTATION	CAP
4b.	Did the LEA ensure expenditures paid with ESEA federal funds did not exceed the ESEA payment amount(s) and matches the payment and FER for each program?	<p>General Ledger/transaction details.</p> <p>Summary by function and object code that supports expenditures on the prior year FER for each program included in this review</p> <p>Purchase Orders, Invoices</p> <p>Payment Requests/FER</p> <p>Payment Transmittals</p>	<p>The LEA must complete a General Ledger Journal Entry Correction form to recode the over-coded federal expenditures as state/local expenditures.</p> <p>The LEA must create a process/procedure to ensure future compliance with CMIA by coding expenditures up to the allocation/payment amount.</p>
4c.	LEA ensures that ESEA funds (direct costs and indirect costs) have been expended and accounted for consistent with program regulations and approved applications and are allowable/reasonable/allocable?	<p>General Ledger/transaction details.</p> <p>Summary by function and object code that supports expenditures on the prior year FER for each program included in this review</p> <p>Purchase Orders</p> <p>Invoices</p> <p>FER</p>	<p>The LEA must recode unallowable expenditures with other allowable expenditures.</p> <p>In the event there are no other allowable expenditures to recode, the LEA must pay back, from state, local, revenue, the amount of unallowable expenditures. In addition, the LEA must pay interest based on the unallowable expenditures, from state, local, and/or county revenue.</p> <p>The LEA must create a process/procedure to ensure expenditures paid with federal funds are in compliance with the allowable use of funds.</p>
4d.	ESEA food costs at LEA hosted meetings/trainings are supported by documentation that justifies that the food is reasonable in cost, necessary to accomplish program goals and objectives, and an integral part of the program.	Meeting/training agenda, list of attendees, food justification documentation	The LEA must create a process/procedure to ensure future compliance with justification for food costs.

GENERAL LEDGER - OBLIGATION OF FUNDS/PERIOD OF AVAILABILITY			
QUESTIONS		DOCUMENTATION	CAP
4e.	<p>LEA obligates and expends ESEA funds during the period of performance.</p> <p>i.e. Obligations or expenditures were not incurred prior to the substantially approved application date (July 1 or later) and obligations and/or expenditures were not made after June 30.</p>	<p>General Ledger/transaction details.</p> <p>Summary by function and object code that supports expenditures on the prior year FER for each program included in this review</p> <p>Purchase Orders</p> <p>Invoices</p> <p>Payroll Records, Contracts, Budget Application</p> <p>Documentation of first obligation</p> <p>Documentation of last obligation</p>	<p>The LEA must Journal Voucher/Recode expenditures with other allowable expenditures.</p> <p>In the event there are no other allowable expenditures to recode, the LEA must pay back, from state, local, revenue, the amount of unallowable expenditures. In addition, the LEA must pay interest based on the unallowable expenditures, from state, local, and/or county revenue.</p> <p>The LEA must create a process/procedure to ensure expenditures paid with federal funds are in-compliance with federal obligation of funds in the future.</p> <p>The LEA must recode unallowable expenditures with other allowable expenditures.</p> <p>In the event there are no other allowable expenditures to recode, the LEA must pay back, from state, local, revenue, the amount of unallowable expenditures. In addition, the LEA must pay interest based on the unallowable expenditures, from state, local, and/or county revenue.</p> <p>The LEA must calculate interest for any payments that were not requested on a reimbursement basis.</p>

GENERAL LEDGER - OBLIGATION OF FUNDS/PERIOD OF AVAILABILITY			
QUESTIONS		DOCUMENTATION	CAP
4f.	LEA ensures purchase orders were not issued/created prior to substantially approved date (July 1 or later) and were not issued/created after the grant period of June 30th.	<p>General Ledger/transaction details.</p> <p>Summary by function and object code that supports expenditures on the prior year FER for each program included in this review</p> <p>Purchase Orders</p> <p>Invoices</p> <p>Payroll Records, Contracts, Budget Application</p> <p>Documentation of first obligation</p> <p>Documentation of last obligation</p>	<p>The LEA must Journal Voucher/Recode expenditures with other allowable expenditures.</p> <p>In the event there are no other allowable expenditures to recode, the LEA must pay back, from state, local, revenue, the amount of unallowable expenditures. In addition, the LEA must pay interest based on the unallowable expenditures, from state, local, and/or county revenue.</p> <p>The LEA must create a process/procedure to ensure expenditures paid with federal funds are in-compliance with federal obligation of funds in the future.</p> <p>The LEA must recode unallowable expenditures with other allowable expenditures.</p> <p>In the event there are no other allowable expenditures to recode, the LEA must pay back, from state, local, revenue, the amount of unallowable expenditures. In addition, the LEA must pay interest based on the unallowable expenditures, from state, local, and/or county revenue.</p> <p>The LEA must calculate interest for any payments that were not requested on a reimbursement basis.</p>

GENERAL LEDGER - OBLIGATION OF FUNDS/PERIOD OF AVAILABILITY			
QUESTIONS		DOCUMENTATION	CAP
4g.	LEA ensures employee payroll outside of the fiscal year (July 1 st through June 30 th) is reported on the FER based on the year of the obligation, not when the payment was made.	<p>General Ledger/transaction details.</p> <p>Summary by function and object code that supports expenditures on the prior year FER for each program included in this review</p> <p>Purchase Orders</p> <p>Invoices</p> <p>Payroll Records, Contracts, Budget Application</p> <p>Documentation of first obligation</p> <p>Documentation of last obligation</p>	<p>The LEA must Journal Voucher/Recode expenditures with other allowable expenditures.</p> <p>In the event there are no other allowable expenditures to recode, the LEA must pay back, from state, local, revenue, the amount of unallowable expenditures. In addition, the LEA must pay interest based on the unallowable expenditures, from state, local, and/or county revenue.</p> <p>The LEA must create a process/procedure to ensure expenditures paid with federal funds are in-compliance with federal obligation of funds in the future.</p> <p>The LEA must recode unallowable expenditures with other allowable expenditures.</p> <p>In the event there are no other allowable expenditures to recode, the LEA must pay back, from state, local, revenue, the amount of unallowable expenditures. In addition, the LEA must pay interest based on the unallowable expenditures, from state, local, and/or county revenue.</p> <p>The LEA must calculate interest for any payments that were not requested on a reimbursement basis.</p>
4h.	Did the LEA review, sign and date supporting documentation (purchase orders, invoices, etc.) prior to the payment being issued?	Policies and procedures	The LEA must create a process/procedure where supporting documentation is reviewed prior to the approval of payments to ensure future compliance with internal controls.

SUPPLEMENT/NOT SUPPLANT			
5a.	The LEA has ensured that ESEA funds were used to supplement and not supplant non-federal funds?	Accounting records (financial reports, ledgers, accounts), Core Data, Job Descriptions. Additional information is on page 4 of the Fiscal Requirements Guide .	The LEA must recode any unallowable expenditure from another source or return the unallowable expenditure amount.
5b.	LEAs has written methodology used to allocate state/local funds to each school receiving Title I funds to ensure that the school receives all the state/local funds it would otherwise receive if it were not receiving Title I funds.	Written Methodology	The LEA must create a written methodology.
TIME AND EFFORT			
6a.	LEA has appropriate time and effort documentation on file for employees who are paid from ESEA funds.	<p>List of employees paid with ESEA federal funds</p> <p>Payroll records</p> <p>Semi Annual Certification Forms</p> <p>Time and Effort Logs/Personnel Activity Report (PAR)</p> <p>Substitute System for Time and Effort</p> <p>Supporting documentation and payroll transaction for staff members</p> <p>Written agreement for those paid a stipend or extra duty pay</p> <p>MOSIS/Core Data Staff Assignment Report</p>	<p>The LEA must complete Semi Annual Certification Forms/Time and Effort Logs/Personnel Activity Reports (PARs) for employees who worked in the ESEA program and on any other program(s) for the year being reviewed, or complete a Journal Voucher to recode unallowable expenditures with other allowable expenditures.</p> <p>In the event there are no other allowable expenditures to recode, the LEA must pay back, from state/local funds, the amount of unallowable expenditures. In addition, the LEA must pay interest based on the unallowable expenditures, with state/local revenue.</p> <p>The LEA must create a process/procedure to ensure future compliance with time and effort requirements by having Time and Effort Logs/Personnel Activity Reports (PARs) on file for employees who worked in the ESEA program an on any other program(s).</p>

TIME AND EFFORT			
QUESTIONS		DOCUMENTATION	CAP
6b.	For salaries/and or benefits claimed in the FER grid, was the LEA able to identify the specific employees who were paid any portion of ESEA funds and the LEA ensure all employees who worked in the ESEA program and were paid any portion of ESEA funds were accurately coded to an acceptable course and program codes in MOSIS/Core Data?	<p>List of employees paid with ESEA federal funds</p> <p>Payroll records</p> <p>Semi Annual Certification Forms</p> <p>Time and Effort Logs/Personnel Activity Report (PAR)</p> <p>Substitute System for Time and Effort</p> <p>Supporting documentation and payroll transaction for staff members</p> <p>Written agreement for those paid a stipend or extra duty pay MOSIS/Core Data - Staff Assignment Report</p>	<p>The LEA must identify staff paid with any portion of ESEA federal funds for the year being reviewed and complete time and effort documentation.</p> <p>The LEA must create time and effort documentation for employees who had allowable and non- allowable ESEA activities.</p> <p>The LEA must create a process/procedure to accurately code employees who worked in the ESEA program and paid with any portion of ESEA funds to acceptable course and program codes in MOSIS/Core Data</p>
6c.	Did the LEA ensure the Semi-Annual Certification forms were completed twice during the school year (semi-annually), included dates of funding, signed after the funding period, and were signed by either the employee or the supervisor?	Semi Annual Certification Forms	<p>The LEA must complete Semi-Annual Certification forms twice during the school year for employees who worked solely for the ESEA program for the year being reviewed.</p> <p>The LEA must create a process/procedure to ensure future compliance with time and effort requirements by completing Semi-Annual Certification forms for all applicable employees on a semi-annual basis.</p> <p>The LEA must create a process/procedure to ensure future compliance with time and effort requirements by having the forms signed by either the employee or the supervisor.</p>

TIME AND EFFORT			
QUESTIONS		DOCUMENTATION	CAP
6d.	LEA has a signed written agreement/contract on file between the employee and LEA for any stipend or extra-duty pay. In addition, the LEA has appropriate time and effort documentation on file to support the amount paid for the extra work.	<p>Time and Effort Logs/Personnel Activity Report (PAR)</p> <p>Written agreement for those paid a stipend or extra duty pay</p> <p>Supporting documentation and payroll transaction for staff members</p> <p>MOSIS/Core Data Staff Assignment Report</p>	The LEA must create a process/procedure to ensure stipends/extra duty work paid with any portion of ESEA federal funds is supported by written documentation.
TITLE I.A PROVISIONS			
7a.	LEA provides evidence each eligible building receives the allocated amount of funds indicated on Step 4 of the BOA and current building level budgets and expenditures correspond to the BOA.	<p>ESEA Consolidated Application - BOA Step 4</p> <p>Title I.A building budgets and expenditures</p>	The LEA must create a process/procedure to ensure future compliance with Title I.A ranking and serving requirements.
7b.	LEA complies with the carryover provisions of Title I. LEA has accounting records to support expenditures and obligations submitted on the 9/30 Report	Accounting records (financial reports, ledgers, accounts)	The LEA must create a process/procedure to ensure future compliance with documentation of expenditures and obligations on the 9/30 Report.
7c.	LEAs with overlapping grade spans have written process/procedure to ensure compliance with Comparability of Services.	Written comparability process/procedure (timeline, measure & process used to determine whether schools are comparable, and how and when the LEA makes adjustments in schools that are not comparable), completed comparability report and supporting documentation.	The LEA must submit written procedures to ensure compliance with Title I.A comparability of services requirement.
NONPUBLIC SCHOOL SERVICES/EQUITABLE SERVICES			
8.	Did the LEA reserve funds for the equitable services allocation for eligible nonpublic schools and the LEA ensures funds did not go directly to the nonpublic school?	<p>General Ledger</p> <p>Contract Agreements</p> <p>List of nonpublic schools and allocated amount</p>	The LEA must recode the amount of funds that should have been utilized for nonpublic services to another source of funds (i.e. state/local funds) and provide the allocated amount of services for eligible nonpublic schools.

TITLE I.A AND TITLE I.D NEGLECTED AND DELINQUENT (AS APPLICABLE)			
QUESTIONS		DOCUMENTATION	CAP
9.	The October caseload data at the institution has been reviewed and verified and agrees with the count submitted on the October annual survey.	There must be documentation on file to support the caseload data reported on the Annual Survey in DESE's Compliance Plans web application since the count generates Title I funds. See Neglected and Delinquent Annual Survey .	The LEA must submit written procedures to ensure compliance with the Title I.A and I.D annual survey of caseload count requirement.
SCHOOLWIDE POOL			
10a.	LEA can demonstrate each school receiving Title I funds receives all the state/local funds it would otherwise receive if it were not receiving Title I funds. Supplement Not Supplant (SNS) written methodology <u>is not required</u> for LEAs with one school, only Title I schools; or only one school per grade span.	Discussion with LEA personnel, Budget and Accounting Records. Additional information on SNS is available on page 4 of the Fiscal Requirements Guide on MOE, Comparability and Supplement not Supplant at	LEA must create a process/procedure to ensure Federal funds supplement those funds the school would otherwise receive from non-Federal sources.
10b.	LEA can demonstrate it meets the intent and purpose of each Federal program whose funds it consolidates.	Accounting records (financial reports, ledgers, accounts)	
10c.	Schoolwide Pool utilizes project code 40001.	Accounting records (financial reports, ledgers, accounts)	LEA must show evidence that project code 40001 is used to track funds.